

2020 Capital Budget Amendment – SPSY Expansion and Modernization**Report Purpose**

To amend the 2020 Capital Budget to increase funding of the SPSY Expansion and Modernization project due to increasing costs related to current market and department capacity and consolidate two SPSY projects into one.

Recommendation

THAT an amendment to the 2020 Capital Budget for the SPSY Expansion and Modernization project, to be increased by \$2,550,000 (from \$26,204,000 to \$28,754,000) and funded \$2,550,000 from Municipal reserves, and to consolidate the SPSY Vehicles Wash Bay project and associated funding into the SPSY Expansion and Modernization project, be approved.

Our Prioritized Strategic Goals

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure
Continuously improving the way we work, as one organization, in an agile and sustainable manner

Report

The Strathcona Public Services Yard (SPSY) building expansion and modernization project has experienced higher inflation costs when the original costing developed for the project. The project has also been delayed from the original project schedule due to design and coordination challenges that have occurred over the last year. The COVID pandemic added complexity in completion of the detailed engineering and design.

The construction portion of the project has now been tendered, with the contractor bids received. The construction costs have come in at the higher end of the construction budget. Being at the higher end of the budget, the ability to include other project costs into the overall project budget are not achievable.

The original furniture budget was under estimated in the original budget, partially due to a generic furniture costing model. Since the budget was prepared Administration has adopted a furniture standard based on flexibility and quality of materials that will ensure the investment achieves a long and useful life.

The furniture system planned for the SPSY expansion and modernization project is the same type and quality of furniture purchased for Human Resources, as well as the recently completed County Hall Modernization project. Purchasing the same quality of furniture ensures staff equity and flexibility among work spaces.

With the current pricing increases and shortage of materials that can affect the project in the latter stages of the work, Facility Services is requesting to increase the project contingency to provide additional funds, if necessary, to address these potential market impacts. The project team is ready to award the construction contract. If the additional funding is approved, the construction would start this summer, continuing with construction completion scheduled for the summer of 2024.

During the modernization stage of SPSY, the office staff will be temporarily relocated to the available spaces within the County Hall Annex along with additional space leased on a

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temporary basis for the balance of office space required. As the space has yet to be leased, there remains some risk in being able to secure space within the current budget. Having an increase in the project contingency would provide funding if the costs to relocate staff are higher than the current budget estimate.

To help reduce the amount of leased space required, options to have some staff continue to work from home, where appropriate, are being explored. Additional changes to the historical style of work include using non assigned workspace concepts to address the flexible working model, where some staff can work from home and within the offices on variable days, thus reducing the number of dedicated office spaces. A final accommodation plan will be completed upon review of the flexible working model and available lease spaces. Sourcing this leased space is currently underway.

To support the project, an additional temporary project coordinator position is being requested. The need for this additional resource is primarily due to current volume of work the Facility Services department is experiencing. Facility Services is managing a high volume of projects in 2021 through to 2022-2023, several of which are related to the COVID stimulus funding that has had a cumulative effect on the department's current capacity to support the administrative requirements of this project. Adding a dedicated resource to the project of this scale is a prudent approach to aid in managing the project's records and to assist with the coordination activities between construction and the user departments. This would be an additional cost that was not originally included in the project budget.

The original SPSY expansion and modernization was broken down into phases, primarily the new wash bay facility (WIP 500628) and the SPSY expansion and modernization (WIP 500663). For administrative and accounting purposes, it is recommended to combine these two Work In Progress (WIPS) into the primary facility expansion and modernization WIP 500663. Combining the WIPS reduces the administration effort to code construction costs between the WIPS and reduces potential for manual accounting errors.

Year	2021	2022	2023	2024	Total
Expenditure by Year	\$5,500,000	\$9,754,000	\$8,500,000	\$5,000,000	\$28,754,000

Council and Committee History

November 30, 2020	Council approved the 2021 Capital Budget
December 5, 2019	Council approved the 2020 Capital Budget

Other Impacts

Policy: FIN-001-024: Financial Reserves; FIN-001-027: Tangible Capital Assets Financial Reporting Policy

Legislative/Legal: n/a

Interdepartmental: Facility Services, Corporate Planning, Corporate Finance, Legislative and Legal Services

Master Plan/Framework: n/a

Enclosure

1 SPSY Expansion and Modernization Construction approved funding