

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 21, 2018

Item 3, Report No. 2, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on February 21, 2018, as follows:

By approving the following in accordance with Communication C4, from the Chief Financial Officer and City Treasurer, Interim Director, Financial Planning and Development Finance and Deputy City Treasurer, dated February 21, 2018:

- 1) ***That Council approve a budget amendment to Capital Project FR-3582-16 - Reposition Stn 7-4 Kleinburg Build and Design inclusive of administration recovery and applicable taxes in the amount of \$1,881,000, funded \$1,767,506 from City-Wide Fire Development Charges and \$113,494 from the Building and Facilities Infrastructure Reserve.***

3

BUDGET AMENDMENT DESIGN AND CONSTRUCTION OF FIRE STATION 7-4

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager, Public Works, dated February 5, 2018:

Purpose

To obtain a budget amendment for Capital Project FR-3582-16 for Fire Station 7-4.

Recommendations

1. That Council approve a budget amendment to Capital Project FR-3582-16 - Reposition Stn 7-4 Kleinburg Build and Design inclusive of administration recovery and applicable taxes in the amount of \$1,881,000 be approved, with funding from City-Wide Fire Development Charges; and
2. That the inclusion of this matter on a Public Committee or Council agenda with respect to increasing the Capital Budget identified as "Budget Amendment, Design and Construction of Fire Station 7-4" is deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002.

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Report Highlights

- The City purchased the land for a new fire station in Kleinburg in 2016
- The design and construction of the new fire station is a high priority project
- Tender for Fire Station 7-4 closed on January 12, 2018
- A budget amendment in the amount of \$1,881,000 is required to award a contract and proceed with the construction of Fire Station 7-4 Award

Background

Vaughan Fire and Rescue Service (VFRS) currently provides services to the northwest portion of the City from Fire Station 7-9 (9601 Islington Avenue) in Woodbridge. Kleinburg is a rapidly growing community within the City and a new fire station is required to provide more efficient and responsive fire and rescue services. The Fire Master Plan recommends locating a fire station west of the CP Rail line in Kleinburg (as per Attachment 1).

In 2016, the City purchased land for the construction of a new fire station in Kleinburg. Funding for the design and construction of the new Fire Station 7-4 was approved by Council as part of the 2016 Budget Deliberations. Fire Station 7-4 will be built within the Heritage District in Kleinburg at 835 Nashville Road.

The original design of the fire station identified a building consisting of two apparatus bays and ancillary offices and crew quarters, totaling approximately 9,300 square feet. Through the design process, VFRS identified that a third apparatus bay would be required to meet the service delivery requirements for the area, contributing to an overall increase in area to 10,300 square feet.

The design was submitted to the Design Review Panel and the Heritage Vaughan Committee, and comments were incorporated into the final design. The final design meets VFRS needs and the new fire station will provide the minimum essential requirements for the delivery of fire and rescue services, including fire response, sudden medical emergencies, technical rescues and hazardous material incidents. After completion, approximately 20 staff members will be assigned to work from the new fire station, with approximately 5 staff members on-site at any given time. Fire Station 7-4 can also serve as a potential "Evacuation Centre".

The Corporate Procurement Policy states that City Council shall approve the budget and scope of projects as part of the annual budget process or individual project approval submissions from Departments throughout the year. The procurement procedures in place require that the project budget and scope be evaluated at the start of the procurement process in order to ensure that any amendments to project budget or scope

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that may be required, are brought forward for Council approval at that point in the procurement process. The Class A estimate for the final design was received in September 2017, before issuance of the tender. Although the estimate exceeded the available funds, the project team, in consultation with VFRS and senior staff concluded that, based on their experience for similar buildings, the City could expect the tender results to be within the available budget. Given this information, and the high priority for completing the new fire station, the decision was made by the Deputy City Manager of Public Works to proceed with issuance of the tender.

Previous Reports/Authority

[Award of Request for Proposal RFP16-361 Design and Contract Administration Services for New Fire Station 7-4](#)

Analysis and Options

Seven (7) General Contractors were pre-qualified to take part in the tender. The tender closed on January 12, 2018. Seven (7) bids were received. All bids exceeded the available project budget.

The variation between the lowest and highest bid is approximately 10%. The narrow range of bids received demonstrates a clear and well developed tender package and associated design was provided to the pre-qualified bidders. These market results also represent accurate and competitive bidding, and are reflective of the current construction market.

The timely award of the tender will support construction to commence in early Spring 2018. Construction activities will have a duration of 16 months, with completion targeted for Summer 2019.

Financial Impact

The total estimated cost of the project including applicable taxes and administration recovery is \$6,793,683. The current approved Capital Project FR-3582-16 - Reposition Stn 7-4 Kleinburg Build and Design is not sufficient to accommodate the total cost of the project and therefore a capital budget amendment of \$1,881,000 is required.

The required amendment to the budget includes funding for project management costs that represent dedicated internal staff time needed to deliver the project. These costs were originally not anticipated to be applied to the project given they were departmental expenditures. However given these costs are directly related to delivery of the project, it is appropriate to include these costs in the project's costs.

The recommended capital budget increase will be funded from City-Wide Fire

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Development Charges. Any residual funds will be returned to the original funding source.

TABLE 1: PROJECT FUNDING POSITION SUMMARY (FR-3582-16)	
	\$
Approved Capital Budget (FR-3582-16)	4,913,000
Less: Expenses ¹	
Construction Costs (including contingency)	6,020,918
External Contract Administration and Inspection	360,766
Project Management (Internal Staff Time)	412,000
Subtotal	6,793,683
Budget Shortfall	(1,880,683)
Budget Amendment Request (rounded)	1,881,000

¹ Inclusive of the 1.76% non-recoverable HST and 3% administration recovery

As opportunities for the implementation of continuous improvement initiatives are identified, increasing rigour in project management activities support this direction. The development of tools and controls within business processes will prevent this situation from occurring on future projects.

Broader Regional Impacts/Considerations

N/A

Conclusion

It is recommended that Capital Project FR-3582-16 be increased by \$1,881,000, with funding from City-Wide Fire Development Charges. This will support the timely award of tender and enable the construction of a new Fire Station 7-4.

For more information, please contact: Jack Graziosi, Director of Infrastructure Delivery, ext. 8201

Attachments

1. Location Map

Prepared by

Wei Chiao, Manager of Design and Construction, ext.8101

Jack Graziosi, Director of Infrastructure Delivery, ext. 8201

Stephen Collins, Deputy City Manager, Public Works, ext. 8247

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)



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Communication	
COUNCIL:	<u>Feb 21/18</u>
FAA Rpt. No. <u>2</u>	Item <u>3</u>

DATE: February 16, 2018

TO: Mayor and Members of Council

FROM: Laura Mirabella, Chief Financial Officer and City Treasurer
Rita Selvaggi, Interim Director, Financial Planning and Development
Finance and Deputy City Treasurer

RE: Council – February 21, 2018

**Finance, Administration and Audit Committee Report No. 2, Item 3 -
Budget Amendment Design and Construction of Fire Station 7-4**

Recommendation

That Recommendation 1 in the Finance, Administration and Audit Committee Report No. 2, Item 3, be replaced with the revised recommendation below, to reflect a change in funding sources for the budget amendment:

1. That Council approve a budget amendment to Capital Project FR-3582-16 - Reposition Stn 7-4 Kleinburg Build and Design inclusive of administration recovery and applicable taxes in the amount of \$1,881,000, funded \$1,767,506 from City-Wide Fire Development Charges and \$113,494 from the Building and Facilities Infrastructure Reserve

Background

A request for a budget amendment to capital project FR-3582-16 was presented to the Finance, Administration and Audit Committee on February 5, 2018. The report identified City-wide Fire Development Charges as the sole proposed funding source for the budget amendment. Upon further review, it was determined that a portion of the budget amendment should be funded from a non-development charges source and therefore a revised funding allocation for the budget amendment is recommended.

Analysis

The current approved budget in capital project FR-3582-16 is funded from both City-Wide Fire Development Charges and taxation. The project contains a non-growth component for the portion of the new station that is considered to be replacement of the existing building. This portion represents a benefit to existing residents in the area and is the amount of the total budget that is funded from a non-development charges source

(taxation). The original calculations estimated this portion to be approximately 17% of the total budget and was based on the proportionate size of the existing station compared to the size of the originally planned two-bay new station.

The requested budget amendment of \$1.881 million was originally proposed to be funded entirely from City-wide Fire Development Charges. However since the new facility still contains a non-growth component, the recommended funding sources has been revised to ensure it aligns with the project's overall funding allocation. Based on the updated scope and size of the new station, the percentage of the total revised budget that must be funded from a non-development charges source has been updated to be approximately 14%.

To achieve an overall funding allocation that includes 14% from non-development charges sources, the required allocation of this budget amendment is \$1,767,506 from City-wide Fire Development Charges (94%) and \$113,494 from the Building and Facilities Infrastructure Reserve (6%). Taken together, 17% of the original budget and the 6% of the budget amendment equates to 14% of the overall revised budget funded from non-development charge sources.

The below chart illustrates the revised funding allocation for the budget amendment and the total revised project budget:

FR-3582-16	Funding Sources		Total
	City-wide Fire Development Charges	Non-Development Charges	
Current Approved Budget	\$4.06	\$0.85	\$4.91
Budget Amendment (with updated funding allocation)	\$1.77	\$0.11	\$1.88
Total revised project budget	\$5.83	\$0.96	\$6.79
% by funding source	86%	14%	100%

The Deputy City Manager, Public Works has reviewed this communication and is aligned with the recommendations presented.

Respectfully submitted,



Laura Mirabella, CPA, CA
Chief Financial Officer and City Treasurer



Rita Selvaggi, CPA, CA
Interim Director, Financial Planning and Development Finance
and Deputy City Treasurer

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, February 05, 2018

WARD(S): 1

TITLE: Budget Amendment

Design and Construction of Fire Station 7-4

FROM:

Stephen Collins, Deputy City Manager, Public Works

ACTION: DECISION

Purpose

To obtain a budget amendment for Capital Project FR-3582-16 for Fire Station 7-4.

Recommendations

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The recommended capital budget increase will be funded from City-Wide Fire Development Charges. Any residual funds will be returned to the original funding source.

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Broader Regional Impacts/Considerations

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For more information, please contact: Jack Graziosi, Director of Infrastructure Delivery, ext. 8201

Attachments

1. Location Map

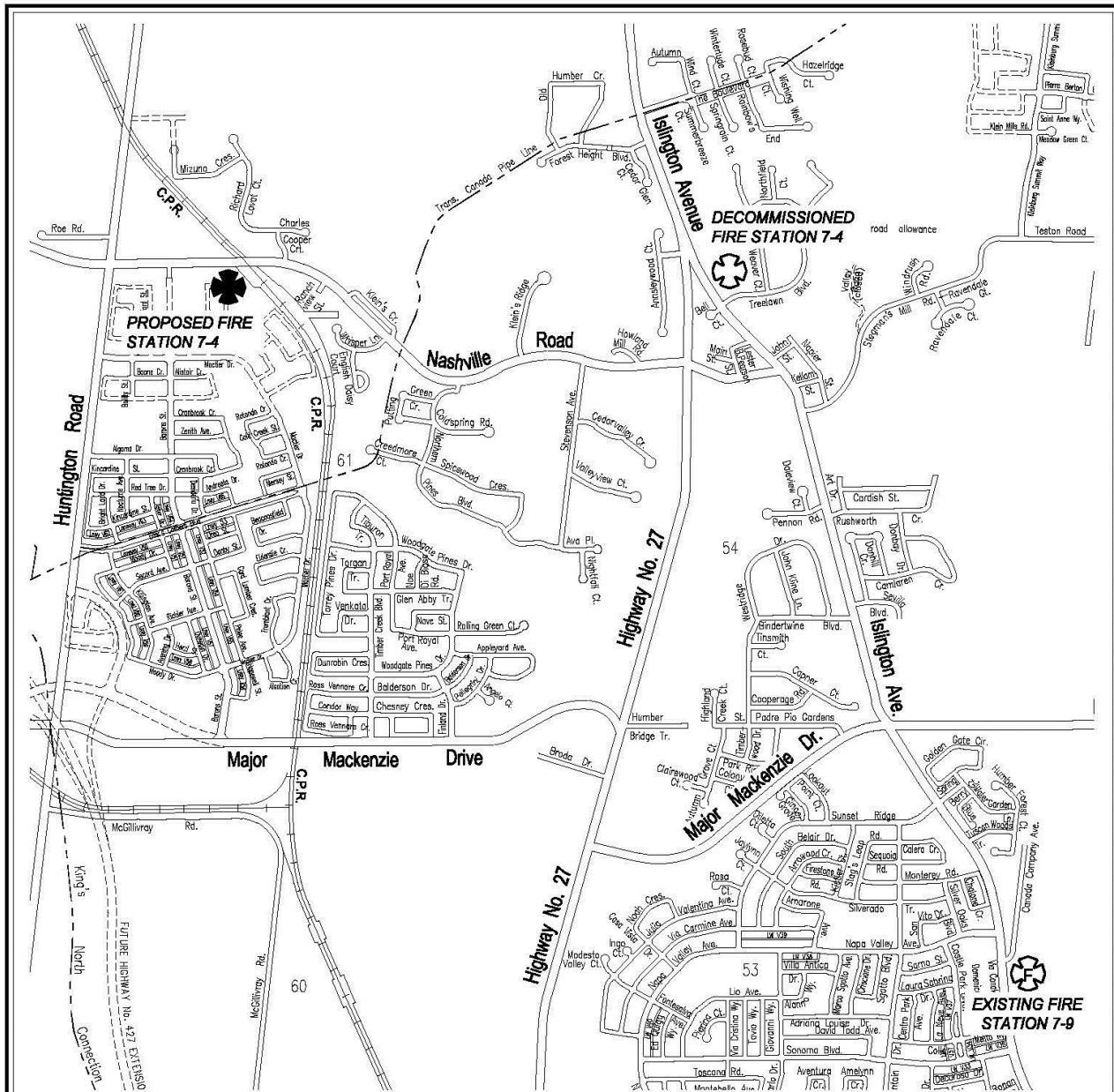
Prepared by

Wei Chiao, Manager of Design and Construction, ext.8101

Jack Graziosi, Director of Infrastructure Delivery, ext. 8201

Stephen Collins, Deputy City Manager, Public Works, ext. 8247

ATTACHMENT No.1



LOCATION MAP PROPOSED FIRE STATION 7-4 BLOCK 61 - WARD 1

LEGEND



PROPOSED FIRE STATION 7-4



DECOMMISSIONED FIRE STATION 7-4



EXISTING FIRE STATION 7-9



NOT TO SCALE