



Report to: General Committee

Meeting Date: May 16, 2016

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**SUBJECT:** Southeast Community Centre and Library – Project Update  
**PREPARED BY:** Gary Adamkowski, Senior Project Manager, Ext. 2678

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**RECOMMENDATION:**

- 1) **THAT** the report entitled “ Southeast Community Centre and Library - Project Update” be received;
- 2) **AND THAT** the construction contingency be increased in the amount of \$2,571,000.00 (excluding HST) to fund anticipated and potential additional costs required to complete the construction phase of the project;
- 3) **AND THAT** the funding shortfall of \$2,571,000 (excluding HST) be funded as follows:
  - That 90% of the shortfall be funded from the Development Charges Reserve in the amount of \$2,313,900, and
  - That 10% of the shortfall be funded from the Ramp Up Reserve in the amount of \$257,100;
- 4) **AND THAT** Staff be authorized to approve the expenditure of this contingency amount up to the specified limits in accordance with the City’s Expenditure Control Policy;
- 5) **AND FURTHER THAT** Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to provide Council with a status report on the construction progress of the Southeast Community Centre and Library Project (SECC&L). In addition, this report seeks Council’s approval to fund anticipated and potential additional costs up to a maximum amount of \$2,571,000 required to complete the construction phase of the project.

**BACKGROUND:**

Council passed the following resolutions at their meeting of October 29, 2013:

*“THAT Staff be authorized to award Contract 180-T-13 to the lowest priced qualified Bidder, Bondfield Construction Company Ltd, for the construction of the Southeast Community Centre & Library, in the amount of \$47,767,225 (excluding HST); and,*

*THAT a contingency amount of \$2,388,361 (excluding HST), representing 5% of the Contract Award, be established to cover any unforeseen additional construction costs that may be incurred during construction, and that Staff be authorized to*

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*approve the expenditure of this contingency amount up to the specified limits in accordance with the City's Expenditure Control Policy;"*

Construction commenced in mid-January 2014. Bondfield Construction Company Ltd. (BCCL) submitted a schedule with their bid projecting Substantial Performance (SP) to be achieved by the end of October, 2015.

Staff provided two updates to General Committee (September 2014 and April 2015), with the last update indicating a beneficial occupancy (open to the public) target of 2016 Q4.

## **OPTIONS/ DISCUSSION:**

### **A. Construction Progress and Delay in Schedule**

Since commencement of site work, BCCL has submitted 4 subsequent revised schedules indicating Substantial Performance (SP) to be achieved by: March 2016, May 2016, and then August 24, 2016 respectively. BCCL's latest revised schedule submitted on April 14, 2016 indicates a further delay of the SP date to March 30, 2017.

Some contributing factors to the schedule delay include:

- Weather: To date 82 days have been lost to inclement weather.
- Soils: Initial delays were due to excavation/soils issues.
- Roof structure: complexity of the overall structure required contractor coordination with subtrades which caused delays as noted below.
- Roof Beams: Delay in finalizing the shop drawings for the glulam roof beams; among the causes were product substitution, revisions by the structural engineer, protracted price negotiation and slow turnaround. The overall process took 17 months.
- Perimeter Trusses: Roof steel shop drawings took a further 7 months to finalize owing to coordination, slow turnaround and price negotiation.
- Gutters and Bent Plates: Issues on the gutters, perimeter bent plates took about 2 months to resolve, again owing to coordination and price negotiations.
- Curtainwall Support Beams: The connections and installation costs for the top support beams for the curtainwall have only recently come to light and will impact weather-tight enclosure and interior finishing.

The construction phase of the project is currently at 73% completion:

- Structural elements: structural steel and glulam wood members are 85% complete.
- Exterior curtain wall installation is approximately 70% complete.
- The building is not yet watertight. Current schedule projects building envelope completion by late August, 2016.
- Interior mechanical and electrical rough-ins work has progressed but is slowed as the building is not yet watertight.
- Weather-tight conditions are required to complete moisture-sensitive interior finishes. Interior work has commenced but will not be complete until the end of the year.

- Parking area and exterior features are progressing.

Deployment of interior furnishings will commence shortly after BCCL achieves SP and the subsequent granting of the Occupancy Permit by the Building Department. On-site library and recreation staff orientation and training will occur simultaneously. Beneficial Use (opening) of the SECC&L to the public is now projected to be the end of June, 2017.

## **B. Budget Status and Risks**

The original total project budget was \$66,550,000, the revised budget after tender award was reduced to \$63,247,145 and the surplus of \$3,302,885 was returned to original funding sources.

Council previously approved a contingency funding of \$2,388,361, representing 5% the construction contract with BCCL. At this time approved Change Orders amount to 87% of the approved contingency, leaving only slightly over \$310,000 available within the contingency account.

Construction Contingency commitments are presently within budget, however, significant Construction Contingency over-run is projected. This forecast is based on the actual cost of approved Change Orders (CO), projected cost of Potential Change Notices (PCN), estimates for any known issues yet to be detailed, as well as a forecast of risks for future work yet to be completed.

Based on cost projection above, current staff forecasts to complete the construction phase of the project require additional funding of \$2,571,000, or an additional 5.38% of the BCCL contract as-awarded. This additional requirement for contingency is still within the total project cost as originally estimated. Thus the forecast total contingency requirement for the construction phase of the project is \$4,959,212, or 10.38% of the construction as-awarded contract amount.

Some contributing factors to the additional cost include;

- Resolution of construction coordination issues between contractors and their subtrades
- Supplemental changes in designs details and revisions
- Unknown site conditions
- Lost time in queuing of sub-contractor shop work
- Complexity of sequencing of erection activities between sub-trades, causing addition installation cost
- Product substitution

## FINANCIAL CONSIDERATIONS AND TEMPLATE:

Staff is seeking approval to increase the construction contingency amount by \$2,571,000 (excluding HST), to fund anticipated and potential additional costs required to complete the construction phase of the project.

The SECC&L project cost estimate is summarized below:

	Budget as of Oct 24, 2013 (A)	Project to Date		Project Forecast		
		Actual (B)	Commitment (C)	Projected costs to be incurred (D)	Total project costs (E) = (B) + (C) + (D)	Variance Fav/(Unfav) (A) - (E)
<i>As per Financial System</i>						
Construction - Bonfield	47,767,225	35,520,906	12,246,319	-	47,767,225	-
Contingency	2,388,361	1,711,894	-	3,247,467	4,959,361	(2,571,000)
Total Construction	50,155,586	37,232,800	12,246,319	3,247,467	52,726,586	(2,571,000)
Furniture, Fixtures & Equipment / IT Costs	7,401,000	904,580	436,744	6,059,676	7,401,000	-
Project Management / Architect / Internal	5,190,559	3,710,557	544,621	935,381	5,190,559	-
Municipal Fees	500,000	430,473	-	69,527	500,000	-
Total	63,247,145	42,278,411	13,227,683	10,312,051	65,818,145	(2,571,000)

Note, all other project accounts (furniture fixtures and equipment, project management, consulting and internal, municipal fees) are forecast to be on budget at this point.

The original Council approved budget for the Southeast Community Centre & Library was \$66,550,000. After the tender of the construction award, the revised budget was adjusted to \$63,247,145 and the surplus balance of \$3,302,855 was returned to the original funding sources. With the additional funding request of \$2,571,000 the projected total cost will be \$65,818,145, which will be lower than the original overall budget of \$66,550,000.

Staff recommend that the construction contingency funding shortfall of \$2,571,000 (excluding HST) be funded 90% from the Development Charges Reserve in the amount of \$2,313,900 and 10% from the Ramp Up Reserve in the amount of \$257,100.

## HUMAN RESOURCES CONSIDERATIONS

Not applicable

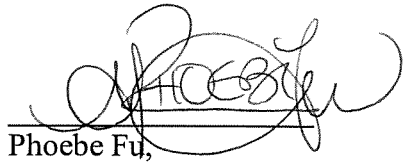
## ALIGNMENT WITH STRATEGIC PRIORITIES:

The project aligns with the following City of Markham corporate goals: Integrated Leisure Plan, Diversity Action Plan, Economic 2020, Greenprint and Culture Master Plan.

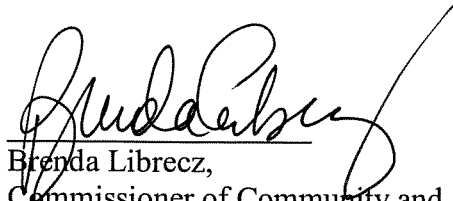
## BUSINESS UNITS CONSULTED AND AFFECTED:

Legal and Financial Services have been consulted.

**RECOMMENDED BY:**



Phoebe Fu,  
Director, Asset Management



Brenda Librecz,  
Commissioner of Community and  
Fire Services

**ATTACHMENTS:**

Not applicable