
DATE: March 15, 2010

REPORT TITLE: **PEEL HERITAGE COMPLEX INFRASTRUCTURE STIMULUS FUNDING PROJECT 09-5172S - PROJECT BUDGET**

FROM: R. Kent Gillespie, Commissioner of Employee and Business Services

RECOMMENDATION

That the funding for Infrastructure Stimulus Funding project 09-5172S, Peel Heritage Complex, be increased from \$11,373,480 to \$12,280,260 to be financed from the General Government CFSR – R0230.

REPORT HIGHLIGHTS

- The Peel Heritage Complex renovation project approved under the Infrastructure Stimulus Funding program will provide much needed functional space and storage and will complete the facility as recommended in 2000 under the highest and best use study.
- The scope of the project and costs were not completely developed at the time of the funding application but are now known.
- The construction tender process is complete and the total project costs can be calculated.
- In order to maintain a contingency for this project the budget must be increased by \$906,780.

DISCUSSION

1. Background

Peel Heritage Complex Expansion and Revitalization project was one of many approved under the Infrastructure Stimulus Funding program (ISF). In accordance with the criteria for ISF approved projects were ones that were not otherwise planned or funded. As with many of these projects the development of the scope of the work had to be done in parallel with the funding application. At the time of the application, only a conceptual design was available and the scope was not fully complete.

In addition, the cost was based on estimates. Not until the work is actually tendered is the price of the work known. At this time, the scope and design have been completed and the work has been tendered and prices are now known.

The ISF criteria also require the work to be completed by March 2011. This has had an effect on the pricing of the project as the construction schedule is very tight. In fact, some

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prequalified firms declined to submit a bid due to the risk of not meeting the schedule. Also, the second low bid was about \$3.5 M higher.

2. Findings

This project was first conceived in 2000 when a highest and best use study determined that the ultimate conversion of the Peel Heritage Complex for Regional heritage and cultural uses was warranted. However, the interim use for Regional Office Space in part of the site was determined appropriate given the funding issue.

When the ISF program was announced, the opportunity to achieve the overall development of the Peel Heritage Complex became possible. The project includes the full or partial renovation of all four buildings that form the Peel Heritage Complex, including the building vacated by the former Housing Department and Peel Living operations. This will allow the use of that building for exhibitions that require environmental controls for protection of the art and artifacts. It will also allow for urgently needed storage space. Significant portions of the collection are stored off-site in conditions that put them at risk.

An important feature of the scope that will have significant benefit for the operation of the Peel Heritage Complex is the connection of the two groups of buildings and the creation of an entrance to the entire site from Main Street. This is a key component to the accessibility for visitors, especially those who will be able to arrive by transit from both north and south along the Hurontario/Main Street rapid transit corridor. The grade at the Main Street entrance will be lowered to the street grade which will allow visitors to access the westerly buildings directly and also walk through at that same grade under the parking area and access the easterly buildings.

This design will increase revenue from visitors as well as allowing reduced operating costs as both sets of buildings will be able to be operated as one rather than two buildings.

3. Proposed Direction

The following is a table showing the project budget and project costs.

Design and Site Preparation	\$991,000
Permits, Taxes and Relocation	\$326,296
Construction (Low Bid Tender)	\$10,313,000
Construction Contingency (10%)	\$1,000,000
Total Project Costs	\$12,630,260
Approved Project Funding	\$11,373,480
Geothermal Energy Funding	\$350,000
Total Project Funding	\$11,723,480
Budget Shortfall	(\$906,780)

In essence, the contingency of about 10 per cent is at risk. Staff could proceed with the project without a contingency, however, this project is a renovation of existing buildings and the potential for unexpected issues to arise is greater than in building a new building. Therefore a contingency is appropriate.

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FINANCIAL IMPLICATIONS

As reported to Council in the update on Infrastructure Stimulus Fund (ISF) Program report, dated February 11, 2010, two ISF projects are expected to be completed under the initial estimate amounts. As such, approximately \$2,600,000 in funding will be lost. Staff will continue to explore opportunities to advocate for the re-allocation of any unspent funds to maximize ISF benefits within Peel. The Regional portion of the funds from other projects returned to reserves will help to defray the additional funding required here.

CONCLUSION

The Peel Heritage Complex renovation project approved under the Infrastructure Stimulus Funding program will provide much needed functional space and storage and will complete the facility as recommended in 2000 under the highest and best use study. The scope of the project and costs were not completely developed at the time of the funding application but are now known. The construction tender process is complete and the total project cost can be calculated. In order to maintain a contingency for this project the budget must be increased by \$906,780.



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Approved for Submission:



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