

## **Staff Report 2020-0222**

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Meeting Date: June 30, 2020

Subject: Inglewood Community Centre Expansion Update

Submitted By: Kevin Kyle, Manager, Recreation Facilities, Community Services

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### **RECOMMENDATION**

That Option (2) within Staff Report 2020-0222 to place the Inglewood Community Centre Expansion Project on hold until no later than December 1, 2020, while the Town attempts to secure future infrastructure funding to complete this project, be approved;

That staff be directed to cancel the current Construction Management contract to design and build the Inglewood Community Centre Expansion; and

That staff bring another report to Council prior to December 1, 2020, if additional Town funding is required for a potential grant opportunity to fund this project.

### **REPORT HIGHLIGHTS**

- Region of Peel staff approach Town staff to explore opportunities at Town-owned facilities for new or expanded licensed child care and EarlyON programs.
- The Region of Peel submitted grant proposals for the Caledon East Community Complex and the Inglewood Community Centre as sites that would support increased EarlyON and licensed child care spaces.
- Both grant submissions were approved with \$500,000 dedicated to renovations for the EarlyON space at Caledon East Community Complex and \$1,500,000 for the expansion of one (1) EarlyON and two (2) licensed child care spaces for Inglewood Community Centre.
- The Inglewood Community Centre proposed expansion would accommodate twenty-four (24) preschool and fifteen (15) toddler-aged children within the child care space. The EarlyON Centre would have space for approximately thirty (30) parents, caregivers, children and staff.
- The feasibility study provided an estimate of approximately \$1,700,000 to expand the Inglewood Community Centre to meet the Region of Peel's requirements for two (2) licensed care spaces and an EarlyON space.
- Capital Project #18-171 Inglewood Community Centre Expansion EarlyON was created in the amount of \$1,715,000 which was fully funded from a grant through the Region of Peel.
- After finalizing the design, reviewing site conditions and completing more detailed costing, the General Contractor confirmed Class B cost estimates for this expansion was approximately \$2,905,000, not including a contingency.
- The estimated shortfall is \$1,486,000 for this project which includes a 20% contingency after an additional \$300,000 funding commitment from the Region.
- Staff reviewed various options before making the recommendation to put this project on hold, while seeking additional grant funding to support this project within proposed timelines.

## **DISCUSSION**

Throughout the Region's research, child population forecasts and child care demand data identified the need for licensed child care spaces in west Caledon. As part of a call for interest from the Ministry of Education's Community-Based Early Years and Child Care Capital Program (CBCP), the Region of Peel staff approached Town of Caledon to explore opportunities at Town-owned facilities for new or expanded licensed child care and EarlyON programs. Town facilities in Alton, Caledon Village and Cheltenham were considered, but not pursued, for several reasons including: not meeting required criteria, along with existing child care programming meeting current and future needs.

The Region of Peel identified Caledon East Community Complex as an ideal location for the EarlyON investment. Inglewood Community Centre was also identified as an ideal location for both child care and EarlyON capital investment for the following reasons:

- There are limited or no non-profit and fee subsidy-eligible child care spaces in the Inglewood community and nearby areas. This investment allows for the creation of licensed child care spaces, which will allow residents access to more child care options and child care affordability supports.
- Co-locating the licensed child care and EarlyON centres with a community centre and a public library contributes towards the creation of a community hub in alignment with the Province's vision and foster increased service collaboration and integration.
- Re-introduces EarlyON programming in the Inglewood community after it was previously discontinued due to budget pressures.
- Presents an opportunity to fill the gap between forecasted child care demand and the number of existing child care spaces in Inglewood and surrounding communities. There is also the ability to provide additional child care and EarlyON options for families commuting to and from surrounding and growing communities such as Alton, Southfields Village, Dufferin County and Halton Hills.

The Ministry of Education's Community Based Early Years and Child Care Program (CBCP) provides funding for the renovation of existing facilities and/or the construction of new ones to deliver new EarlyON and licensed child care spaces. The Region of Peel submitted grant proposals for the Caledon East Community Complex and the Inglewood Community Centre. Both grant submissions were approved with \$500,000 dedicated to renovations for the EarlyON space at the Caledon East Community Complex and the \$1,500,000 for the expansion of one (1) EarlyON and two (2) licensed child care spaces for Inglewood Community Centre.

The Inglewood Community Centre proposed expansion would accommodate twenty-four (24) preschool and fifteen (15) toddler-aged children within the child care space. The EarlyON Centre would have space for approximately thirty (30) parents, caregivers, children and staff. EarlyON Centres offer free, high-quality drop-in programs for families with children aged from birth to six (6) years old. These increased spaces would support our growing community and create greater access to inclusive, quality licensed child care and early years programs.

Appreciating the age of the facility and the complexities surrounding expanding this site, the Town of Caledon requested the Region to fund a feasibility study to confirm the ability to expand the facility on the existing site. The study reviewed the existing and required site servicing including water, sewer, mechanical and electrical, while establishing preliminary construction cost estimates. Consultants were retained by the Town of Caledon for preliminary design including mechanical, electrical and site servicing estimates for the feasibility assessment.

The feasibility study provided an estimate of approximately \$1,700,000 to expand the Inglewood Community Centre to meet the Region of Peel's requirements for two (2) licensed care spaces and an EarlyON space. The Region secured an additional \$200,000 to fund this variance, bringing the estimated total budget for this project from \$1,500,000 to \$1,700,000 to move this project forward.

After completing the feasibility study, Town staff began negotiating an agreement with the Region of Peel for the construction and administration of the proposed expansion. The Region of Peel was to fund the entire expansion and the Town of Caledon was to oversee the administration of the construction project. The Town of Caledon tendered and secured Aquicon Construction to provide Construction Management Services for this project.

While finalizing the design, reviewing the site conditions and completing more detailed costing, the General Contractor advised the Town that the most recent Class B cost estimates for this expansion was approximately \$2,905,000 to complete this project. With volatility in the construction industry related to COVID and other market sensitivities, a 20% contingency is also being recommended to complete this project, bringing the total estimated costs to \$3,486,000. In conversations with the Region, they confirmed they could contribute an additional \$300,000 to this project, leaving the estimated funding shortfall of approximately \$1,486,000.

The Town of Caledon and the Region met to review possible options and it was evident that the square footage of the expansion could not be reduced due to legislative and grant funding requirements and that value engineering the amount of this budget shortfall would not be feasible. Region of Peel staff asked if the Town of Caledon would be interested in funding the budget shortfall to help deliver this project to the community. To ensure there was no further costs incurred on this project until the funding shortfall was addressed, the Town suspended the existing contract with the Construction Manager until July 17, 2020.

### **Options**

During this unprecedented time of uncertainty, securing additional Town funding to help support the Region's important and essential children services mandate is a difficult decision. The Town has already deferred previously approved capital projects, that pertain to Town service levels, until 2021 due to the challenging financial position brought on by this global pandemic.

Staff has identified three (3) possible options to the Region of Peel's request of the Town of Caledon to fund the budget shortfall for this project. These options include:

**Option 1: Not to Fund this Project** – The Town of Caledon would not contribute funding to this project, the Region would be informed of this decision and then they would decide on the future direction of this project. The project would likely be cancelled. The current contract with the General Contractor would be cancelled and any uncommitted funds would be returned to the Region of Peel.

**Option 2: Place the Inglewood Community Centre Expansion Project on hold until no later than December 1, 2020, while the Town attempts to secure future infrastructure funding to complete this project** - This option would place this project on hold until December 1, 2020 while staff would work with the Region of Peel staff to apply for any infrastructure grant opportunities that align with this project. This option does provide a potential opportunity to see this project move forward without committing Town funding.

If this option is approved and grant funding is secured by December 1<sup>st</sup>, 2020, the Town will make such additional agreements with the Region of Peel to alter the funding structure of the current agreement. If potential funding streams are not realized, Town staff would notify the Region by December 1, 2020 and return any uncommitted funds to the Region.

Cancellation of the existing Construction Management Agreement would be required to attempt to secure future grant funding. Some potential drawbacks to this option includes the fact that there is not a guarantee of future grants being available, unknown grant requirements and timelines of approvals or whether future Town funding would be required to solidify a grant.

**Option 3: Fund the budget shortfall of approximately \$1,486,000** – The Town of Caledon would fund this from the tax funded capital contingency reserve and work with the Region to revise the existing funding agreement and proceed with the project as initially planned. Timelines for completion would need to be confirmed as acceptable. Risks associated with this include that the cost estimates could increase due to uncertainties within the construction industry leaving the Town responsible for any further costs.

The global pandemic has highlighted the importance and critical need for child care services. In consideration to the benefits of expanding child care services in Caledon and supporting the Region of Peel's important mandate to increase child care and EarlyON services throughout Caledon, staff recommend Option 2. This option includes putting the current Inglewood Community Centre Expansion Project on hold until no later than December 1, 2020, while working with the Region of Peel to secure additional grant funding to complete this project.

## **FINANCIAL IMPLICATIONS**

In 2019, the Town secured approval of funding from the Region of Peel in the amount of \$1,700,000 to expand the Inglewood Community. The Region also funded an additional

\$15,000 to complete a feasibility study. This was approved as part of the 2019 Capital Status Update, Staff Report 2019-48 on April 23, 2019. Capital Project #18-171 Inglewood Community Centre Expansion EarlyON was created in the amount of \$1,715,000.

The revised cost estimate is \$2,905,000 to complete this project. With the addition of a 20% contingency, the total estimated cost to complete this project is \$3,486,000. With the Region of Peel's total commitment of \$2,000,000, there is a budget shortfall of approximately \$1,486,000. To date, project expenditures total approximately \$120,000.

Due to economic uncertainty related to the COVID-19 pandemic, staff do not recommend funding the \$1.5 million budget shortfall from Town reserves. As noted in the section above, Town staff would support putting this project on hold until December 1, 2020. Town staff look into other grant opportunities to secure additional infrastructure grant funding. Staff will report back before December 1, 2020. If future grant funding is not available/approved by this timeline, the Town will return all un-spent/remaining uncommitted funds for this project back to the Region of Peel.

### **COUNCIL WORK PLAN**

#### **Improved Service Delivery**

Plan and fund recreation infrastructure that meets the changing needs of the community.

Explore community hub models for service delivery.

### **ATTACHMENTS**

None.