



Actual concepts of new Skyway
Prepared by Lennon Architects

SKYWAY COMMUNITY CENTRE

FINANCING APPROVAL FOR CONSTRUCTION
EICS-03-22

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TIMELINE OF EVENTS



WHAT HAS OCCURRED OVER THE LAST TWO YEARS

Design:

- Building Permit, expected **May 2022**.
- Explored phasing construction: however, (1) design of the near carbon neutral facility does not lend itself to separation of areas; (2) project budget would increase by approximately \$3 million to redesign facility and proceed to site plan and building permit resubmission. ***This is not recommended by staff.***
- The design of Skyway maintains a reduced GHG (T) from standard arena design of 196 GHG (T) to **23 GHG (T)** utilizing no gas and using geothermal electrical. Our mission to be net carbon neutral has never waived during these challenging times.

Senior Government Funding:

- July 2021, the City applied to the Green and Inclusive Community Buildings Program (GIBC) for **\$13,019,500**, at the time the grant application was made, the total project cost was estimated to be \$25.2 million. There has been no response to date.

Pandemic and Most Recent Geo Construction Impact :

- Construction costs have **increased 30%** from 2020 to 2022 due to shortage and disruption to the supply change for building materials and labour availability.



PANDEMIC AND MOST RECENT GEO CONSTRUCTION IMPACT

Material Costs:

- Structural steel from \$5.6/kg in 2020 to \$8/kg in 2022 (40% increase).
- Roofing, glass, electrical and mechanical lead times was 12-16 week – now is 30-40 weeks with 8-10% increase.
- Energy intensive materials such as cement, concrete and brick will see price rising due to gas and oil price increase from Russian-Ukraine conflict.
- Pricing for many product is volatile and there is seldom any guarantee of availability i.e. lumber.

Transportation Cost and Time Increase:

- Backorders compounded with challenges of shipping from overseas leading to increased costs and lead times
- A typical load of lumber from B.C. to Ont. pre-pandemic is approximately \$4,500 but this fee has climbed to \$12,000

Labour Shortages:

- Less truck availability to drive the shipment and less available labour to load and unload them.
- Shipping from Ocean crossing pre-pandemic was 20-30 days this has extended 73 days from port to port.
- Lifting of pandemic restrictions resulting in backlog of work for General Contractors, therefore GC's are continuing to decline price of work.

Market bulletins indicate the industry will not stabilize from COVID for the next 2 years and prices may never return to pre-pandemic pricing.



SCHEDULE

- The City has continued pursuing approval for the Building Permit, timing on this approval is expected in May 2022
- City has six months to commence construction after building permit issuance (November 2022) to avoid having to revise the design to the new code requirements and re-submit with applicable review fees, this comes with a considerable cost to the City.
- Once construction commences staff expect the construction duration to be approximately 18 months depending on the industry lead-times and supply chain issues currently being experienced.

PROJECT ESCALATION CHART

Description	2016 PR-13-16	2019 CW-48-19	2021 EICS-02-21	2021	2021	2022 EICS-03-22
Total Budget	\$13.9 M	\$21.0 M	\$23.0 M	\$25.1 M	\$28.5 M	\$32.3 M
Included in Total Budget	<ul style="list-style-type: none"> Arena 1 Community Room 	<ul style="list-style-type: none"> Arena 2 Community Rooms Geothermal Track 	<ul style="list-style-type: none"> Arena 2 Community Rooms Geothermal Track Park Baseball Diamond 	<ul style="list-style-type: none"> Arena 2 Community Rooms Geothermal Track Park Baseball Diamond 	<ul style="list-style-type: none"> Arena 2 Community Rooms Geothermal Track Park Baseball Diamond 	<ul style="list-style-type: none"> Arena 2 Community Rooms Geothermal Track Park Baseball Diamond
Not included in Total Budget	<ul style="list-style-type: none"> Park Baseball Diamond Geothermal 2nd Community Room Track 	<ul style="list-style-type: none"> Park Baseball Diamond 				
Cost Estimate Class	D	C	B	A	A –updated	A-updated

CAPITAL FINANCING - NEW SKYWAY COMMUNITY CENTER

Revised Cost Estimate	\$32,320,000	Proposed Financing Plan	\$20,191,500
Less:			
Prior Approved City Funding	\$12,128,500	Tax Supported Debt**	\$13,000,000
Funding Shortfall	\$20,191,500	Development Charges – P&R	\$580,000
		Infrastructure Renewal Reserve Fund	\$508,205
		Federal Gas Tax (one-time)	\$4,524,520
		Re-budget Sherwood Facility	\$1,578,775

Project shortfall assumes grant funding application is NOT successful.

* **Debt charges \$1.1 million/year, tax rate impact 0.6%, assumes 15 year debt

ESTIMATED OPERATING BUDGET IMPACT

- Transforming a single pad arena to new community center
- Total estimated impact 0.84%
- Multi-year simulation will be updated to reflect the estimated change

Item	Incremental Budget Impact	Tax Impact (%)
Human Resources	\$295,000	0.14%
Operating Materials, Supplies, and Purchased Services	\$280,000	0.13%
Program and Rental Revenues	(\$100,000)	(0.03)%
Tax Supported Debt Charges	\$1,100,000	0.6%
Total Net Operating Impact	\$1,575,000	0.84%

As such staff are bringing forward this report EICS-03-22 recommending the financing proposal to continue the work to date on the Skyway Community Centre project and minimize further cost escalation.

Staff are recommending approval to,

- Proceed with Prequalification for General Constructor and Tendering for construction of the new community centre at Skyway.
- Approved the revised total budget of \$32.3 million, with revised financial proposal in Report EICS-03-22.
- Continue to pursue Federal and Provincial grant funding opportunities.

RECOMMENDATION

