

Memo

To: Finance Committee
From: Tony Del Monaco, Director of Finance/Treasurer
Date: **October 24, 2024**
Re: **Peach King Centre Expansion Monthly Budget and Cost Update**

At the Finance Committee meeting on January 25, 2024, the Committee passed motion FC-24-005, requesting that staff provide monthly updates to the Finance Committee on the Peach King Centre Expansion and Renovation project. The update should include information on the stages of the project, the project budget, the money spent to date, as well as forecasted spending.

Table 1: Project Budget and Spend Breakdown

Total Estimated Project Cost₁	Budget	Actual & Contracted at Oct 11, 2024	Forecast	Variance Favourable/ (Unfavourable)
	(A)	(B)	(C)	(D) = (A) - (C)
Project Expenditure Categories				
Soft costs – Engineering, Design, Environmental Assessment, Project Management	2,685,000	2,116,571	2,685,000	-
Hard costs – Construction, materials, leasing of equipment, FFE ²	30,211,733	29,009,828	30,211,612	121
Owners Costs – permits, fees, and taxes	714,950	660,044	714,950	-
Miscellaneous costs and contingency ³	3,116,472	172,846	3,116,472	-
Total Estimated Project Cost	36,728,155	31,959,289	36,728,034	121
Project Funding Sources				
Reserve	405,000	405,000	405,000	-
Development Charges	9,114,925	9,114,925	9,114,925	-
Debt	11,145,000	6,376,134	11,144,879	121
Strategic Priorities Infrastructure Fund (SPIF)	16,063,230	16,063,230	16,063,230	-
Total Funding Sources	36,728,155	31,959,289	36,728,034	121

Notes

1. All costs include 1.76% non-refundable HST
2. See Table 2: Tender package – Construction below
3. Change Orders and Contingency

Project Status

Table 1 above provides a breakdown of the forecasted project budget, contracted costs and year-to-date spending.

The following outlines the project stages:

Project Design & Costing:

The project design is complete and all major tendering has concluded. The only additional awards against the construction budget will be for Cash Allowances and Furniture Fixtures and Equipment (FFE). Actuals will continue to be updated, however going forward budget management will primarily focus on contingency utilization which is addressed below.

Included in the Construction Budget in Table 2 are design-related change orders primarily related to civil scopes of work. These changes were able to be absorbed into the construction budget without impacting the construction contingency which is intended for unforeseen changes and site conditions. As shown in Table 2, the project budget remains on target. No additional change orders will be funded through the construction budget. The project remains on target to be executed within the hard construction budget of \$30,211,733, and total project budget of \$36,728,155.

Table 2: Tender Package - Construction					
Construction Budget Breakdown	Budget	Contracted as of October 11, 2024	Forecast	Variations Favourable/ (Unfavourable)	Notes
	(A)	(B)	(C)	(D) = (A) - (C)	
General Conditions	2,109,000	2,008,674	2,008,674	100,326	
Cash Allowances*	1,095,000	367,166	968,950	126,050	
Tender Package 1	1,230,000	1,249,673	1,249,673	(19,673)	
Tender Packages 2	7,065,000	7,424,738	7,424,738	(359,738)	
Tender Packages 3	12,698,733	10,829,056	10,829,056	1,869,677	
Tender Package 4	2,894,000	3,814,495	3,814,495	(920,495)	
Change Orders - Design	-	796,026	796,026	(796,026)	
Construction Managers Fee	2,520,000	2,520,000	2,520,000	-	
Furniture, Fixtures and Equipment	600,000	-	600,000	-	Results to come
Construction total	30,211,733	29,009,828	30,211,612	121	

*The cash allowance budget contains several smaller-scale scopes of work, with itemized budgets that will be procured separately over the life of the project. The variance for this section reflects a positive variance on fully contracted scopes of work against their itemized budget within the cash allowance umbrella. The remaining uncontracted budget has been forecasted to come in at their budgeted amounts. Further updates will be provided as work is awarded.

Change Orders and Contingency

As the procurement phase of the project has concluded, budget management will be focused on contingency utilization. The project carries a contingency to manage change orders arising during construction for items such as design coordination, shop drawing changes, site conditions, or directed changes. At present, \$172,846 of change orders have been executed against the construction contingency, for a utilization of 7%. Construction progress is between 15-20%, indicating contingency utilization is currently favourable. Contingency utilization will continue to be tracked in future updates.