

## Report FR-CS-26-16

**To:** Chair Eccles and Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** July 26, 2016  
**Subject:** **Mechanical System Upgrades to Existing County Administration Building**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS56-16; Endorsed by County Council August 2, 2016 per Resolution CC99-16;

### Recommendation(s)

**WHEREAS the existing County Administration Building's mechanical system (HVAC) is at the end of its lifecycle;**

**AND WHEREAS the Building Task Force deemed it would be advantageous to upgrade the mechanical systems in the existing County Administration Building during the installation of the fire protection sprinkler system and authorized that Devlan Construction Ltd. proceed with the installation of mechanical system upgrades to the existing County Administration Building at the quoted price of \$250,000 (excluding HST) as contained in tender RFT-FIN-01-16;**

**NOW THEREFORE BE IT RESOLVED THAT Report FR-CS-26-16 regarding the mechanical system upgrades to the existing County Administration Building be received;**

**AND THAT the costs for the additional mechanical system upgrades be funded from any remaining Site Plan contingency funds and the remaining balance from the Administration Property Reserve.**

### Background

The County's current HVAC system has required frequent maintenance and is deemed to be at the end of its lifecycle. Funding had been included in the current and five year

capital plans to provide the funds to make upgrades to this system. These upgrades were, where possible, deferred until a decision had been made on the renovation and expansion of the County Administration building.

As part of the tender for the addition and renovations to the County Administration building, the tender requested separate prices for five items which were not included in the base price of this building addition and renovation project. These items included the following projects:

Separate Price 1 - To provide new asphalt surfacing at existing parking lot as per specifications

Separate Price 2 - To provide new granular base at the new asphalt surfacing at existing parking lot per Separate Price 1

Separate Price 3 - To completely repaint all existing painted surfaces in the existing building

Separate Price 4 – To provide new carpeting throughout the existing building to replace the existing carpet

Separate Price 5 – To provide partial new Mechanical System and all related items including Electrical, Structural & Roofing in the existing building which is described as separate price on the Mechanical Drawing M2.9 and M2.10

With the existing buildings ceilings being opened up to install the required fire sprinkler protection system it is deemed advantageous and cost effective at this time to upgrade the mechanical system in the existing building. Having a single continuous system, rather than connecting old to new, will be much more efficient to run and deliver a higher level of climate control.

On July 5, 2016 at the Grey County Building Task Force's meeting, discussion took place on the additional tendered items for the Administration building. The Building Task Force concurred that it is advantageous to authorize Devlan Construction Ltd. to proceed with the installation of mechanical system upgrades in conjunction with the installation of a new sprinkler system at the quoted price of \$250,000 (plus HST) as per tender RFT-FIN-01-16.

Direction was provided to the Director of Finance to prepare a report to the Corporate Services Committee to inform Committee and Council of the Task Force's approval to have Devlan Construction Ltd. proceed with the tendered mechanical systems work in the existing building, with a recommendation to fund this work by utilizing the remaining site work contingency funds, along with HVAC and Humidifier reserve funding.

Contained in Report FR-CC-18-16 for the tender award of RFT-FIN-01-16 for the Administration building addition and alterations, Council endorsed that a \$250,000 contingency be added to the tender price for items required relating to site plan approval. As of this date, \$40,000 (plus HST) has been estimated for those items requested for site plan improvements. These site plan improvements that have been requested include additional sidewalk and waste removal containment. If no other improvements are requested, \$209,296 in site plan contingency funds are estimated to be remaining.

Funding had also been budgeted from the Administration Property reserve for HVAC repairs (\$26,000) and the installation of Humidifiers (\$20,000) in the upper level of the existing Administration building. Therefore these reserve funds are being recommended to be utilized to assist in the funding of these mechanical system upgrades to the existing building.

Based on the estimated remaining contingency funds along with the budgeted reserve funds for HVAC and Humidifiers, an additional \$19,084 will be required to be funded from the Administration Property reserve.

The following table has been created to illustrate the estimated additional costs for this mechanical systems work and the funding sources for this work:

**Mechanical System Upgrades - Costs and Funding Sources**

<b>Description</b>	<b>Amount</b>
<b>Expenditures</b>	
Mechanical System Upgrades to Existing Building	\$254,400
VG Architect – Fees for Professional Services	\$19,980
<b>Total Expenditure</b>	<b>\$274,380</b>
<b>Funding Sources</b>	
Estimated Available Site Plan Contingency Funds	\$209,296
HVAC Unit Replacements - Administration Property Reserve	\$26,000
Humidifiers Installation – Administration Property Reserve	\$20,000
Additional Reserve Funding – Administration Property Reserve	\$19,084
<b>Total Funding</b>	<b>\$274,380</b>
*All costs are net of any HST rebates	

Financial / Staffing / Legal / Information Technology

Considerations

The cost for the mechanical system upgrades including any nonrefundable HST and professional fees is estimated to be \$274,380. These costs can be funded by utilizing

the estimated available site plan contingency funds along with Administration Property reserve funds that had been placed in reserve for future Administration building requirements, such as HVAC, humidifiers, etc.

If additional site plan expenditures are required, and less site plan contingency funds are available, the Administration Property reserve has sufficient funds to fund any additional funding required for these mechanical system upgrades.

## Link to Strategic Goals / Priorities

The values statement of the approved Corporate Strategic Plan includes fiscal responsibility. Consistent with this value statement is this investment in making a long-term investment into this County-owned asset.

Respectfully submitted by,

Kevin Wepler  
Director of Finance