

**DATE:** May 4, 2022

**TO:** MAYOR AND COUNCIL

**NAME AND TITLE:** Blake McIntosh, Director of Civic Operations

**SUBJECT:** Downtown Pool Project Update – May 2022

**ATTACHMENT(S):** N/A

**RECOMMENDATION(S):**

1. That Council APPROVES a budget amendment to the Four Seasons Leisure Pool Replacement Project budget with an addition of \$2,876,000 in expenses to be funded by MFA Debt Proceeds under the previously approved “Four Seasons Leisure Pool Replacement Loan Authorization Bylaw No. 8888, 2017.”

**PURPOSE:**

This report is to provide Council with a 2022 Q1 update on the Downtown Pool Replacement Project.

**BACKGROUND:**

During the referendum in 2017, Prince George residents voted 62.5 percent in favour of borrowing up to \$35 million for a replacement for the aging Four Seasons Leisure Pool.

The original budget for the pool replacement was \$35 million. The budget was increased by a \$750,000 contribution by the Regional District of Fraser-Fort George. The City was fortunate to then receive \$10M in grant funding from the Federal and Provincial governments. Council approved use of \$500,000 from the grant to purchase the Ninja Cross obstacle course, and reduced the required borrowing by \$9.5M. This brought the borrowing from a potential \$35 million to \$25.5 million and the total cost of the project to \$36.25 million.

Last year on February 22, July 26, and December 10 of 2021, City Administration provided Council with updates on the Downtown Pool Replacement Project, which is currently under construction with an anticipated completion date of late summer 2022.

**FINANCIAL CONSIDERATIONS:**

In staff reports presented to Council in 2021, City Administration identified cost concerns and potential savings to offset additional expenses. Thus far, City Administration has achieved \$373,400 of these savings while ensuring the project remains within scope.

City Administration recently completed a comprehensive review of the project budget and currently projects cost overruns of \$2,876,000 bring the total cost of the project to \$39.126 million.

Roughly two-thirds (\$1.7 Million) of these costs are attributed either directly or indirectly to the steel primer deficiency. As reported to Council last July (\$1 M in cost estimate at that time), following the delivery of structural components to the work site, it was determined that the primer was specified in error and would require significant remediation work. Importantly, Administration is seeking compensation to reduce the overall primer remediation cost overrun. The \$1.7 million attributed to the steel primer deficiency includes the primer remediation costs incurred to date, plus a contingency for future potential expenses including cost recovery. This total is subject to potential recovery action.

The remaining \$1.1 Million of the cost overruns are largely due to external material or labour cost escalations for items such as wood, A/V equipment, painting, and signage, and unforeseen conditions such as unsuitable soils and existing piping beneath the pool tanks as previously reported to Council.

Original cost estimates for the project are from 2017. Since that time, with the impact of the pandemic and labour shortages, construction costs have escalated substantially. Construction cost escalations can be captured in this statement; according to Industrial Product Price Index (IPPI) data from Statistics Canada published in the Journal of Commerce, this year the construction market rose another 20% in 2021 and has been rising at a rate of 5% a month in the last three months.

City Administration is recommending an amendment to the Four Seasons Leisure Pool Replacement Project budget with an addition of \$2,876,000, to be funded by the MFA Debt Proceeds under the previously approved Loan Authorization Bylaw #8888. This brings the total borrowing to \$28.376 million of the approved possible borrowing of \$35 million.

**STATUS UPDATE:**

Project Stage	State	Schedule % Complete	Schedule Health
Build	In Progress	84%	On time for late summer 2022
Approved Project Budget	Actual Costs to Date	Project budget % Complete	Budget Health
\$36.25M	\$ 28.3 M	78%	Projecting Over Budget

The construction project is currently 84% complete with \$28.3 million spent. At this time, we are projecting the project will be over budget. Staff have been working diligently to mitigate cost as much as possible. The schedule health contains the same two-week delay as reported in the July 13, 2021 Downtown Pool Project update. The expected completion for construction remains by late summer 2022 with occupancy to follow in the fall 2022.

A number of project works have occurred in the first quarter of 2022 and include:

- tiling to change rooms, showers and hallways, waterproofing of pool B and associated decks,
- forming and pouring of the waterslide structure,
- installation of Ninja-Cross electrical systems, structural supports and obstacle structure; and
- Interior steel stud framing, glazing, painting, HVAC pool mechanical installation, and light fixtures amongst other works.

Upcoming Spring and Summer 2022 project works are scheduled to include:

- millwork and waterslide installations;
- completion of exterior cladding,
- completion of interior finishes such as paint and tiling; and
- systems commissioning amongst other works.

Exterior civil, landscape, and electrical onsite works are scheduled for completion in late Summer 2022 and are being coordinated with overlapping offsite works included in the 2021 and 2022 7<sup>th</sup> Avenue Streetscape and 7<sup>th</sup> & Dominion Signalization capital projects.

City Administration are proceeding with plans to relocate the Terry Fox statue from Prince George Community Foundation Park to the Downtown Pool site as per the direction received from Council on October 18, 2021. On March 14, 2022, Council subsequently approved funding towards restoration of the statue in a bronze cast. The statue is currently undergoing restoration and is scheduled for relocation to the pool's exterior front entry plaza in late Summer 2022.

**STRATEGIC PRIORITIES:**

The Downtown Replacement Pool project supports the City Administration's 2020 Workplan Priorities and Council's focus areas for healthy and active lifestyles, safety and security in the Downtown, accessibility, and prioritized infrastructure re-investment and renewal.

**SUMMARY AND CONCLUSION:**

The construction of the Downtown Pool Replacement project is within scope and 84% complete with a targeted facility opening in Fall 2022. City Administration is requesting a budget amendment of \$2,876,000 to cover unexpected cost increases as reported to Council in 2021 and identified through further budget analysis in 2022

A subsequent update will be provided to Council on the project budget in late summer 2022, closer to the scheduled construction completion date.

**RESPECTFULLY SUBMITTED:**

Blake McIntosh, Director of Civic Operations

**PREPARED BY:** Leland Hanson, Manager Project Delivery and Laurie-Ann Kosec, Strategic Planner

**APPROVED:**

Walter Babicz, City Manager

Meeting Date: 2022/05/09



Exterior cladding installation underway at 7<sup>th</sup> Avenue and Dominion Street.



Teach pool tank staircase entrance.





Deep pool tank with NinjaCross obstacle orange frames and white baffle ceiling above.



Waterslide tower under construction.