

City of Mississauga Corporate Report



Date: February 1, 2021

To: Chair and Members of Budget Committee

From: Shari Lichterman, CPA, CMA, Commissioner of
Community Services

Originator's files:

Meeting date:
February 22, 2021

Subject

Malton Hub Project, Ward 5

Recommendation

1. That capital project PN 19425 Malton Community Hub be amended to a gross budget of \$12,600,000 and net budget of \$6,100,000, including \$6,000,000 from the Region of Peel, pending agreement approval, \$500,000 secured donation, \$400,000 from Ward Specific Special Project funding in Federal Gas Tax Reserve Fund (Account 35182) and \$2,700,000 from Tax Capital Reserve Fund (account 33121).
2. That funding of \$2,700,000 be transferred from Capital Reserve Fund (Account 33121) to PN 19425 - Malton Community Hub for the construction of the hub.
3. That all necessary by-laws be enacted.

Report Highlights

- The City will be converting the decommissioned Lincoln M. Alexander Secondary School pool in Malton into a Youth Hub that provides services, programs and social/cultural activities that reflect the local community needs; a project supported by City of Mississauga and Region of Peel Councils through resolutions in 2018 and 2019.
- The Region of Peel (ROP) approved a capital grant of \$6 million and the City allocated \$3 million from the Recreation 2020 capital budget towards the project based on the original cost estimate of \$9 million provided by the ROP.
- The cost to construct the Hub is now estimated to be \$12.6 million, which is \$3.6 million over the original \$9 million estimate. The increase in cost is due to building envelope upgrades, premiums to meet Green Building Standards, and construction cost escalation. The original costing was also based on a program of office spaces; based on stakeholder consultation, the program includes more youth drop-in spaces and amenities, which has impacted the costing as well.
- The Ward councillor has committed \$400,000 from her ward-specific project funds toward the project, leaving a funding gap of \$3.2 million for the project. Additional fundraising has produced an anonymous donation commitment of \$1 million, with further donations possible. Any other donations will result in a return of City funds to reserves in an offsetting amount to the donation.

Background

In 2018, The Region of Peel (ROP) undertook a comprehensive study and building-fit analysis which involved the design and costing to redevelop the decommissioned pool at Lincoln M. Alexander Secondary School. The ROP presented a report that included a renovation of approximately 19,000 sq. ft. of space split between the ground floor and partial second floor for a total project budget of \$9 million.

In January 2019, Regional Council approved the conversion of the Lincoln M. Alexander Secondary School Pool to a community Hub. The outcome of the resolution was to proceed with a combined project cost of \$9 million for the design and construction of the hub. The ROP approved a capital grant of \$6 million and the City allocated \$3 million in capital funds towards the project.

In the fall of 2019, the City along with representatives from the ROP and the Peel District School Board selected Services Housing in the Province (SHIP) through a competitive procurement process as the lead agency to manage and operate the Hub. In the first half of 2020, SHIP along with City staff developed the Operation Model, License Agreement and Space Program for the Hub. Council authorized staff to execute the agreement with SHIP in April 2020.

In the fall of 2020, the City hired CS+P Architects to complete the design and costing of the Hub. The City also hired a Construction Manager, Percon Construction Inc. to manage the construction of the project.

Comments

The final approved program developed by SHIP and City staff includes common areas, multi-purpose rooms, quiet rooms, kitchen, administration offices and agency program spaces and space for community agencies to provide services. The program resulted in an option that encompassed approx. 19,000 sq. ft. of area including a full renovation on the ground floor and partial second floor. Appendix 1 shows the recommended design.

In December 2020, a Class D Cost estimate was completed by the Cost Consultant and Construction Manager for the approved schematic option.

Costing is estimated to be \$12.6 million which is \$3.6 million over the original \$9 million ROP budget. The increase can be attributed to building envelope upgrades to meet building code, mechanical and electrical premiums to meet the Green Building Standards, escalation costs and site premiums to account for construction access and full separation from the school. The original costing was also based on a program of office spaces; based on stakeholder consultation, the program includes more youth drop-in spaces and amenities, which has impacted the costing as well.

Based on the above analysis \$3.6 million in additional funds will be needed to continue with detailed design and construction. The project is currently on hold until we can acquire additional

funds. The Ward councillor has committed \$400,000 from her ward-specific project funds toward the project, and has secured a \$1 million donation to the project, with \$500,000 received and a second instalment committed in 2022. This leaving a funding gap of \$2.7 million for the project, which would be reduced further by \$500,000 in 2022 when the second donation instalment is received. When this is received, offsetting funds will be returned to the Tax Capital Reserve. As fundraising continues and additional donations are expected, City funds contributed will be returned to reserves in an offsetting amount to any donations.

Strategic Plan

The Malton Hub project is aligned to our strategic pillar of Belong. It supports building a space that provides programs and services that meet the needs of the local community.

Financial Impact

The financial impact of the Malton Hub is estimated at \$12.6 million in capital costs.

City approved budget (19425)	\$ 3,000,000
Region of Peel approved budget	\$ 6,000,000
Additional Funding Request (33121)	\$ 2,700,000
Secured Donation	\$ 500,000
Ward 5 Discretionary Funding (35182)	\$ 400,000
Total	\$ 12,600,000

The City is currently working with the ROP on an agreement to transfer the \$6 million to the City and expects to have this executed by end of Q1 2021. If future donations are secured, funding will be returned in equivalent amount to the Capital Reserve Fund (Account 33121) and budget in PN 19425 to be adjusted accordingly.

The operating costs are estimated to be approximately \$400,000 annually which will be covered by SHIP and the Anchor Agencies.

Conclusion

This report recommends that Council approve the \$2.7 million in additional funds in order to proceed with the planning and construction of the Malton Youth Hub.

Attachments

Appendix 1: Malton Hub Design



Shari Lichterman, CPA, CMA, Commissioner of Community Services

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