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Town of Aurora
Committee of the Whole Report
No. CMS25-002

Subject: Aurora Town Square – Capital Financial Summary

Prepared by: Robin McDougall, Director of Community Services

Department: Community Services

Date: February 11, 2025

Recommendation

1. That Report No. CMS25-002 be received for information.

Executive Summary

At a total cost of \$59,733,400, the Aurora Town Square (ATS) has been the largest capital project the Town of Aurora has ever embarked on; and through the significant oversight provided by the project management firm, consultants, staff and Council, the project was delivered successfully.

- The tender award for the Aurora Town Square capital project was approved on August 25, 2020, resulting in the total project budget of \$51,939,700.
- Impacts from the COVID-19 pandemic resulted in delays, material shortages, contractor strikes, and cost increases putting pressure on the overall project.
- Capital budget authority increases of \$1,800,000 for additional consultant and contractor costs were approved by Council.
- Town staff was able to mitigate costs related to delays and other contingencies by resolving various claims with the general contractor in the amount of \$5,993,700.
- Through the successful capital fundraising campaign, over \$5 million was raised to help offset capital costs.
- Actual Town funds used for the additional costs for ATS was only \$2.7M more than the original project budget.

- The project management firm, consultants, staff, steering committee and budget control task force provided regular oversight and cost mitigation measures.
- Close out procedures included commissioning of equipment, correction of deficiencies, and management of warranties.

Background

The tender award for the Aurora Town Square capital project was approved on August 25, 2020, resulting in the total project budget of \$51,939,700

On August 25, 2020, staff brought forward report CMS20-019 Library Square Tender Award and received Council approval to award the tender to Chandos Construction resulting in the total approved project budget of \$51,939,700. The groundbreaking ceremony took place shortly after on October 8, 2020.

The ATS project was constructed by Chandos Construction (general contractor), with design control from project architects (The Planning Partnership and RAW Architects), along with overall project management by Colliers Project Leaders. The project was delivered in two phases as the Town took occupancy in September 2022 of the new spaces at the library including the new front entrance off Yonge St., a new elevator, two additional program rooms and a reading garden. The final occupancy of the remainder of the project took place in September 2024 with the Town hosting the Grand Opening Celebration September 21 – October 13, 2024.

Even though the opening of the ATS was successful, the project itself faced delays and cost pressures.

Analysis

Impacts from the COVID-19 pandemic resulted in delays, material shortages, contractor strikes, and cost increases putting pressure on the overall project.

The ATS project has opened to the public; however, it took longer to complete than expected. Even though the COVID-19 pandemic had started, it was early stages and the impact on the construction industry could not have been predicted (i.e. material shortages, delays in material delivery, spikes in material costs, shortages of available skilled labour, and construction trades strikes). With these added pressures, additional time was required to complete the project requiring an extended period of consultant oversight and additional funds to support material cost pressures.

Capital budget authority increases of \$1,800,000 for additional consultant and contractor costs were approved by Council

Originally, the construction project was expected to be completed by August 2022. However, as that date passed, staff reported to Council in February 2023 with an update on the project. At that time, based on the revised construction schedule provided by Chandos, it was expected that the project would be completed in the Fall of 2023. This delay was due to various reasons (mainly influenced by the impacts of the pandemic on the construction industry and the Russia-Ukrainian war on global material shortages and shipment delays).

Due to the extended construction time, the consultants (design team and project management) sought an extension to their respective contracts. Also, due to the added cost of change orders, additional funds were needed in the contingency reserve. In response, staff brought a report on February 21, 2023 - CMS23-007 ATS Contract Negotiations seeking approval for an additional \$1.7 million. Council approved a portion of the request increasing the project budget by \$1.2 million (\$500,000 towards construction contingency and \$700,000 towards consultants' contracts). The \$1.2 million was funded from the funds raised in the capital campaign.

As the project continued to progress, further delays were experienced. In January 2024, Chandos provided another update to their project completion date, which then forecast May 2024 as the Substantial Completion date. This extended the length of the project and the need for consultant oversight to an additional five months.

Additional funds were needed to cover the construction contingency demands. On January 16, 2024, staff brought report CMS24-003 ATS Contract Negotiations Update to Council demonstrating the need for an additional \$600,000 to be funded from the capital campaign. These additional construction contingency funds brought the contingency budget to \$4.1 million or 10 per cent of the construction cost. Council approved the additional funds bringing the total added funds to \$1.8 million and the revised total project budget to \$53,739,700.

It may be helpful to know that a project similar in size and complexity to the ATS (involving building renovations and a heritage building), might typically build in a contingency in the range of 12-15 per cent of construction costs or \$5-6 million. Even in this climate, the project team was able to manage the project change orders and complete the project within a total of \$4.1 million contingency or 10 per cent of construction cost.

The project team is confident that the project was delivered for the best possible value compared to cost increases other municipal projects faced since the COVID-19 pandemic in 2020. For example, other local municipal capital projects tendered after Town Square saw an increase of between 27-40 per cent over budget. Thus, if the Town had delayed the tender of the ATS project until 2021 or 2022, overall project costs could have been significantly higher than the price awarded. Even with the additional funds that were approved, the ATS project costs are much lower than if the work had been tendered more recently.

Town staff was able to mitigate costs related to delays and other contingencies by resolving various claims with the general contractor for an amount of \$5,993,700

With the Aurora Town Square project facing significant delays due to unforeseen circumstances, various claims were inevitable. However, through negotiations, staff presented report CA024-001 ATS – Claims Settlement prior to project completion to resolve and mitigate various claims and additional costs.

Chandos initially agreed to complete the project by August 2022, however, there were external pressures not anticipated at the commencement of the project (examples noted in previous section). Most of these pressures were a direct result of the COVID-19 pandemic and its impact on the construction industry. These pressures resulted in additional time and costs to complete the project.

The Town and Chandos agreed to resolve various claims for an amount of \$5.89 million plus unrecoverable HST, this brought the total ATS project cost to \$59.7 million.

This agreed settlement avoided a protracted and costly dispute resolution process and eliminated the ongoing liability relating to project claims, which could have resulted in considerably higher costs to the Town than what was being offered.

Through the successful capital fundraising campaign, over \$5 million was raised to help offset capital costs

Total raised in the capital fundraising campaign was just over \$5 million. \$5 million was the target amount set at the beginning of construction, through the generous donations of local developers, organizations and individuals, this campaign goal was achieved.

As noted previously, a portion of these funds has already been allocated to offset the additional \$1.8 million needed in additional consultant and contingency funds. A small portion was used for donor recognition and the remainder will be put towards the project.

Actual Town funds used for the additional costs for ATS was only \$2.7M more than the original project budget.

With the use of the \$5 million capital campaign, the cost of the project only needed an additional \$2.7 million in Town funds to cover the added costs of the project. Table 1 demonstrates the net impact on Town funds used for the project.

Table 1

Original project budget	\$51,939,700
Cost increase for consultants	\$1,800,000
Claim settlement	\$5,993,700
Subtotal	\$59,733,400
Capital Campaign offset	-\$5,000,000
Net project cost	\$54,733,400
Variance – net impact of additional Town funds needed	\$2,793,700

The project management firm, consultants, staff, steering committee and budget control task force provided regular oversight and cost mitigation measures

As Aurora's largest capital construction project to date, project management and oversight has been critical to ensuring the Town received the facility it was expecting.

Since 2017, there have been over 75 Council reports sharing information, seeking direction and approval. There were 61 ATS Steering Committee meetings (staff and project management firm), and 11 ATS Project Monitoring Task Force meetings (members of Council, staff, and project management firm) both of which were responsible for providing regular oversight on the project budget and scope.

As for the onsite construction project, there were over 105 construction site meetings and over 200 change order review meetings resulting in the approval of over 435 change orders. Prior to the approval of all change orders, the proposed changes and associated costs were thoroughly reviewed by the consultant team and staff with the general contractor. Thanks to the rigorous review sessions, approximately \$1.64 million

was saved either through an outright rejection of the change orders or through negotiation of a revised value. On a construction contingency budget of \$4.1 million, this could have amounted to an additional 40 per cent.

The project faced additional costs totalling \$7.8 million (\$1.8 million contingencies + \$5.99 million delay claim settlement). This is approximately 15 per cent over the original budget. As noted previously in this report, other municipalities have experienced 27-40 per cent increases in their project costs.

Close out procedures included commissioning of equipment, correction of deficiencies, and management of warranties

As per all construction projects, commissioning of equipment must take place which includes testing of new equipment, mandatory training of staff on all new equipment and the provision of "as built" documents/manuals and warranties to the Town. Commissioning of all equipment has been completed.

As the project nears completion there is an expectation that the contractor establishes a Substantial Performance date. This is based on a mathematical calculation of the dollar value of work remaining and the project generally being available for its intended purpose. All required signage and life safety issues must also have been addressed. A Substantial Performance date must then be advertised in a construction publication. Substantial Performance was published on October 1, 2024. A mandatory 60-day waiting period then commences which permits any subtrades the opportunity to register a lien on the project. Once the 60-day period lapses, a lien search is completed by the Town and if no liens have been registered the Town can release the 10 per cent holdback to the contractor. The clean lien search was completed at the end of November and the lien holdback was released to Chandos early December 2024.

During this time period, the contractor and consultants worked diligently to clear any deficiencies. As of writing this report, there are only a few relatively minor deficiencies remaining. The warranty holdback (HB) is well above what we would need to cover these deficiencies should the contractor not rectify the outstanding items.

As the facility has become open and operational, there are a few items that have been identified that will be completed within the project budget that will improve functionality.

The final step for the project is the warranty period and release of the mandatory one per cent warranty holdback. The warranty HB is typically used to provide assurances that the GC and the sub trades honor the one-year project warranty. This would not include extended warranties. These need to be managed by the Town and are delivered

by the individual warrantors. If the GC or the subtrades fail to respond to warranty issues within the one-year project warranty, the Town has the authority to make use of the funds being held to repair or replace any deficient components of the project. The 1 per cent warranty HB will only be released if there are no outstanding items to be completed. This is anticipated to take place in October 2025 at the earliest.

All of the costs for holdback and warranty are included in the overall project cost of \$59,733,400, no additional funds are required.

Advisory Committee Review

Not Applicable

Legal Considerations

None.

Financial Implications

A summary of the Aurora Town Square's total capital budget authority change, along with funding sources, over the duration of the project delivery are presented under Table 2.

The key funding changes over the life of this project included the allocation of \$1,800,000 in ATS donation revenue to fund capital budget authority increases for additional consultant and contractor costs. As to the funding of the negotiated delay claim settlement, the full remaining ATS donation proceeds will be firstly used with the remainder coming from the Hydro Sale Investment reserve. These amounts may be subject to change prior to the final allocation of funding to this project. The final funding change made was completed as per of the Town's short term asset management plan's funding strategy being the replacement of the debt financed tax levy component of this project's funding model with an additional contribution from the Hydro Sale Investment reserve.

Table 2
Capital Budget Authority / Funding Change Summary

	Aug. 2020	Feb. 2023	Jan. 2024	Sept. 2024
Approved Budget Authority	51,939,700	53,139,700	59,733,400	59,733,400
Funding:				
Facility asset management	1,700,000	1,700,000	1,700,000	1,700,000
Proceeds from the sale of municipal lands	2,647,665	2,647,665	2,647,665	2,647,665
Community benefits	2,633,035	2,633,035	2,633,035	2,633,035
Federal Gas Tax	3,389,000	3,389,000	3,389,000	3,389,000
Parks & Recreation DCs <i>(Debt Financed)</i>	4,000,000	4,000,000	4,000,000	4,000,000
Library DCs	4,929,900	4,929,900	4,929,900	4,929,900
Tax levy <i>(Debt Financed)</i>	7,500,000	7,500,000	7,500,000	-
Council discretionary	840,100	840,100	840,100	840,100
Hydro sale investment	24,300,000	24,300,000	27,154,482	34,654,482
ATS donations	-	1,200,000	4,939,218	4,939,218

Consistent with this project's approved debt financing strategy, the \$4,000,000 Parks & Recreation Development Charges funding will be financed through a 20-year debenture.

Communications Considerations

This report serves as a comprehensive and transparent overview of the total costs associated with the Aurora Town Square project and will be published on the Town's website as well as the Aurora Town Square website, allowing residents to review the financial breakdown of this transformative project.

Climate Change Considerations

The information contained within this report does not impact greenhouse gas emissions or impact climate change adaptation.

Link to Strategic Plan

The Aurora Town Square project supports the following Strategic Plan goals and key objectives:

Supporting an exceptional quality of life for all in its accomplishment in satisfying requirements in the following key objectives within these goal statements:

- Invest in sustainable infrastructure.
- Celebrating and promoting our culture

Alternative(s) to the Recommendation

1. Council may provide other direction.

Conclusions

As the largest capital project to date for the Town of Aurora, the Aurora Town Square facility is now complete and operational. The final close-out of the capital project is complete with the exception of the warranty period, which will happen in due course. The funding of the capital project was done in a strategic way to mitigate tax impact by way of using various funding sources. Only remaining decision is how to use the balance of the capital campaign funds.

With the conclusion of this capital project, the Aurora Town Square facility is set to be one of Aurora's premiere facilities, providing an amazing community facility for many generations to come.

Attachments

None

Previous Reports

August 25, 2020 - CMS20-019 Library Square Tender Award

February 21, 2023 – CLOSED SESSION – CMS23-007 Aurora Town Square – Contract Negotiations

January 16, 2024 - CLOSED SESSION - CAO24-001 Aurora Town Square – Claims Negotiation

January 16, 2024 – CLOSED SESSION – CMS24-003 Aurora Town Square – Contract Negotiations Update

Pre-submission Review

Agenda Management Team review on January 23, 2025

Approvals

Approved by Robin McDougall, Director, Community Services

Approved by Doug Nadorozny, Chief Administrative Officer