



Report

Subject: Construction of the Orangeville Fire Station - CMS-2024-021.docx

Department: Community Services

Division: Orangeville Fire

Report #: CMS-2024-021

Meeting Date: 2024-11-18

Recommendations

That report CMS-2024-21, 'Construction of the Orangeville Fire Station – Update', be received.

Overview

The development of a new Orangeville Fire Station (OFS) has been in progress since early 2021, when an RFP (Request for Proposals) was publicly issued for a 20,000 square foot fire station with estimated direct construction costs at \$8,500,000.

Alaimo Architecture Inc. was awarded the design contract for the Project Design Program. In 2022 Council approved the OFS design, a 28,649.33 square foot fire headquarters. At that time, the Fire Station was estimated to cost \$15,945,472 to construct.

In 2023 the floor plan was slightly increased to accommodate a lower-level mechanical room. The additional 940 square feet pushed the square footage total to 29,589.56 square feet.

Recently, Colliers Project Leaders were obtained as project managers and together with Staff have prepared updated estimates for the total cost of the project, which is forecasted to be \$31,614,784 including related non-construction costs.

The significant rise in costs can be attributed to a few factors:

- 2022 estimates were based on conceptual plans and reflected construction costs only. The updated projected cost is based on detailed design and include all project costs.

- The figures that were presented to Council in the past considered construction costs only, and did not include taxes, land costs, permits, design fees, furniture fixtures and equipment, and some site work.
- Exploring net zero building standards caused a delay in the project and resulted in additional architectural costs. At that time, Staff reported to Council that the Non-Net Zero construction costs would be \$21,876,580 for construction only.
- Remediation plans to address a major drainage issue located on a property adjacent to the proposed site caused a delay in the project and additional architectural and engineering costs.
- Since Q2 2022, there has been higher demand in the construction market and construction costs have increased dramatically. For context, over the past three the non-residential construction price index for the nearest census metropolitan area (Toronto) has increased by 49%.

Given cost escalation and inadequate funding sources, the project requires a significant amount of debt financing. Staff are not advancing the current scope of work for the Fire Station. Instead, the Team is considering four alternate option to lower the costs.

1. Descope the project by decreasing the square footage and simplifying architectural features.
2. Construct the suppression and training grounds only. Keep administration in the existing Fire Station and move Fire Prevention staff to this location.
3. Renovate the existing Fire Station on Dawson Drive.
4. Postpone the project until an updated funding plan is determined.

The change in direction will incur some additional costs in change orders, be subjected to increasing inflation rates and risk applying for building permits *after* the legislative changes are implemented (March 31, 2025), which may require a redesign, dependant on the extent of changes.

Background

The Orangeville Fire Department, established in 1878 opened the original Fire Station in 1972. The department has a suppression team of 20 full-time firefighters and 28 volunteer firefighters responding from a single fire station. Orangeville Fire Services also services the Town of Mono, and the Townships of East Garafraxa and Amaranth.

To adequately meet current and future needs, the 2015 Fire Master Plan identified that the existing Fire Station and associated training grounds, constructed in 1971/72, is in need of replacement. Community Services has been working towards constructing a new station at the corner of Centennial and Commerce Roads, since 2021, including the acquisition of that property for this purpose.

The project started in 2021 when Alaimo Architecture Inc. was hired through a competitive process to develop the Project Design Program (PDP), both conceptual and engineered drawings.

In June of 2022 Council approved the OFS design (Report CMS-2022-014) which was a 28,649.33 square foot floor plan that includes administrative, operational and training spaces and is located at the corner of Centennial Road and Commerce Road. The proposed headquarters was estimated at \$15,945,472, which excluded project costs such as land purchase, some site works and design fees. The design was based on forecasted Fire Service needs for the next fifty years, to 2077.

In 2023, the floor plan was expanded to 29,589.56 square feet to accommodate space underneath the administrative area for a mechanical room which will house hot water tanks, fibre lines and sewer connections. The mechanical room was not sized back in 2022 because at that time, all the servicing lines and required equipment were unknown.

In 2024, Colliers Project Leaders were obtained to manage the project, alongside the Community Services leadership team and Alaimo Architecture Inc., (the 'Project Team').

Analysis/Current Situation

As the design phase approaches completion, Staff worked closely with Colliers Project Leaders Inc. to determine a budget reflective of the PDP, comparable projects, current market conditions and industry best practices. The estimated project costs are \$32 million with construction costs estimated at approximately \$25 million. Approximately \$3.5 million has been spent to date on the purchase of the land, some site work and design fees. This revised estimate represents a significant increase over the \$25 million total approved for this project in the 2024-2033 capital program. At this point project costs and any future increases would need to be debt financed (see *Corporate Implication* for more information).

Rise in Orangeville Fire Station Costs – Explained

OFS Scope Development

The new station was a critical initiative outlined in the 2015 Master Fire Plan, which recognized that the current facility would soon be inadequate to support the operational demands of our fire services. The scope of the OFS project emerged from a comprehensive needs assessment, which included staff engagement and approved by Council at an early stage (June 2022).

As the project progressed, the Project Team identified new efficiencies, that changed the scope of work, knowing the efficiencies would enhance the overall functionality of the facility and would better meet the needs of Orangeville and the three communities fire department serves.

- **Future Expansion Capabilities:** The design was enhanced to incorporate flexible spaces intended to meet future needs for the next 50 years, without requiring a complete redesign. Provisions were made for the addition of a future

second staffed emergency response vehicle, more future Inspectors to support life safety initiatives, and a future second Deputy Chief dedicated to administration and support services.

- **Innovative Air Filtration Systems:** In a significant shift from traditional practices, the OFS scope was upgraded to include the installation of an Industrial Air Cleaner system designed to remove particulate matter and reduce harmful contaminants. With cancer rates being notably high among firefighters, the guidance from The Ontario Fire Service Section 21 Advisory Committee emphasizes the importance of controlling exposure to diesel exhaust.
- **Optimized Access for Fire Crews:** Changes were made to multiple interior features that increased operational readiness such as repositioning access doors. This adjustment facilitates quicker response times for fire crews.

Financial Impacts Due to Project Delays

Over the past three years there have been a few obstacles that have interrupted the timing and escalated the budget.

- The square footage has increased by almost 10,000 square feet since the tender stage to accommodate future needs, expansion and an additional 1000 square foot mechanical room.
- In 2022 Council and Staff explored the option to build the Fire Station to net-zero standards (Report CMS-2022-014) which was too costly and there were no funding opportunities available to support this initiative.
- In 2023 there were major changes to the Town's leadership team. The Chief Administration Officer, General Manager, Community Services and the Fire Chief undertook a review of the Design Program which, although a lengthy process, resulted in a more efficient re-design.
- There is a drainage issue on the property south of the OFS lands that impacts the location of the new fire station project. A viable solution is still to be determined.

Project Affordability

Life to date expenditure for this project at the end of 2023 was \$2.96 million and the 2024-2033 capital program provides \$22.1 million in approved expenditure to complete this project for a project total of \$25.1 million. The project is planned to be funded through a combination of a grant for the training facility (\$3.667 million), development charges (\$1.811 million) and Canada Community Building Fund (\$1.7 million), with the balance (\$17.9 million) to be debt financed. There is no other source of funding for this project and any increase in cost would need to be debt financing in addition to the debt already planned of \$17.9 million. It is noted that through the Fire Services agreement, with neighboring municipalities, the Town has received capital contributions of

approximately \$1.4 million in 2018-2024 to be used for all fire related capital investments, some of which could be used to offset future debt servicing costs.

To reduce the budget, the Project Team identified four possible options.

1. **De-Scope the Project:** Reduce the square footage by removing non-essential components such as the community engagement room and truck storage areas; streamline architectural features like roof lines and entrance ways.
2. **Construct Suppression and Training Facility Only:** The new Fire Station includes three components: Suppression (truck bays, gear and equipment used to respond to emergencies), Administration and Training Facility. The Project Team is considering the impact if the Suppression and Training Facility were constructed, and the Fire Administration remained at the existing Fire Station.
3. **Renovate the Existing Fire Station:** This option was explored in the past but was not pursued due to flood plain issues. Staff have re-connected with the Credit Valley Conservation on this matter.
4. **Pause the Project:** While on hold, work with Finance Staff to develop a funding strategy and determine new timelines for construction.

Risk Factors

The above options present opportunity to reduce project costs but are subject to risks as well. Alimo Architecture Inc. will work with the sub-trades to de-scope the project however this will incur further change orders.

The Ontario Building Code is changing as of December 31, 2024, and will come into effect April 1, 2025, which puts pressure on the project schedule. Specific changes to the building code have not been broadly shared at this time, but if significant changes are required, and building permits are not issued before March 31, there may be additional change orders and unavoidable time delays to address any re-design requirements.

Corporate Implications

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(\$17.9 million) to be debt financed. There is no other source of funding for this project and any increase in cost would need to be debt financing in addition to the debt already planned of \$17.9 million. It is noted that through the Fire Services agreement, with neighboring municipalities, the Town has received capital contributions of approximately \$1.4 million in 2018-2024 to be used for all fire related capital investments, some of which could be used to offset future debt servicing costs.

Debt servicing costs for debt issued for a 20-year term at an estimated rate of 5% is approximately for \$80,000 per \$1 million. For context, debt servicing costs for the \$17.9 million identified as needed in the 2024-2033 capital program for the project will add approximately \$1.436 million to property tax levy, annually, for the 20-year term.

Staff will work through the options and return to Council with recommendations on decreasing the current budget. At that time, Staff will propose how the project could be funded.

Conclusion

The estimated costs to construct a new Fire Station is much higher than originally anticipated. It would not be fiscally responsible to pursue the current scope of the project therefore the Project Team is exploring ways to significantly reduce the scope resulting in cost reductions.

Staff will report back to Council with recommended ways to decrease the scope, and the budget, while maintaining functionality.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Sustainable Neighbourhood Action Plan

Theme: Corporate and Fiscal

Strategy: Encourage and support inter-departmental collaboration and communication to facilitate the adoption of sustainable practices in the municipality

Notice Provisions

Not Applicable

Respectfully prepared and submitted by,

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Reviewed by:

Cheryl Braan, Treasurer
Corporate Services Department

Attachment(s):

None

Council Tasks Notes

- Staff to work with Colliers and Alaimo Architecture Inc. to further explore all four options and ad report back to Council.