



FOR INFORMATION

Report Date: November 5, 2020

Contact: Michael Stamhuis

Agenda Item Number: 9.6

Meeting Date: November 18, 2002

TO: Town Council

FROM: Michael Stamhuis and Ethan Wilson

SUBJECT: Strathmore Municipal Building Project – Attribution of Costs to Other Municipal Assets

RECOMMENDATION:

THAT Council accept the report regarding the Strathmore Municipal Building Project – Attribution of Costs to Other Municipal Assets be received for information and posted to the Town's website.

REPORT SUMMARY

The construction of the new Strathmore Municipal Building included several municipal asset improvements that were included to enhance the entire building site and the North Kinsmen Park area. This report outlines an assessment of the costs that can be clearly attributed to Town assets over and above the construction of the Building. The assessment has determined that, of the approximate cost of \$14.5 Million, \$3.1 Million can be attributed to Kinsmen Park and other improvements.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Council authorized the location of the new Strathmore Municipal Building in Kinsmen Park, understanding that this would lead to several park enhancements, some independent of the building and some shared with it.

CHIEF ADMINISTRATIVE OFFICER'S COMMENTS

That Council consider the report.

REPORT

BACKGROUND/CONTEXT

The report provides an indication of costs that can reasonably be attributed to enhancements of other municipal assets. In preparing the assessment, staff have undertaken various rationales in dividing the attribution. The asset attribution does not mean that one asset or the other was the exclusive beneficiary of any specific investment. A great many improvements are, in fact, shared assets of mutual benefit.

DISCUSSION

Attached is a detailed spreadsheet where we allocated an attribution percentage to the various cost items in the project. Many of the cost items are attributed entirely to the building. Some are attributed entirely to another asset, typically Kinsmen Park.

A list of the rationales utilized is as follows:

- PCL Staff and General Expenses incurred were split with 80% of the costs being associated with the building and 20% assigned to the municipal improvements as this was determined to be the cost percentage split for their entire contract.
- Underground services (water/sewer/storm) were evaluated based upon whether a service was directly required by the building or being relocated due to the building's location. This assessment determined that 48% of the underground services costs can be attributed to the building. This same rationale was used for any contract changes associated with underground services. For example, sanitary services were only installed for the use of the building while stormwater and water infrastructure were relocated due to the location of the building but only a portion of those costs were attributed to the building as the existing infrastructure was nearing the end of its lifecycle in certain areas and would have needed replacement in the near future.
- Siteworks (concrete/asphalt/landscaping) were evaluated based on the contributing work which is directly required for the building. This assessment determined that 43% of the siteworks costs can be attributed to the building. This same assessment was used in allocating the savings found during the siteworks construction. Parking Lots were proportioned such that 20% of the west lot was determined to be for building use, as this is where the public users of the building would park, while 80% of the east lot is for building use, as this is where employees will park; although the east lot will also be used for Farmer's Markets and other events. Items such as sidewalks were proportioned based on whether they were for direct access to the building or not, similar with the landscaping.
- Trees planted were determined to be 40% associated to the building, this was determined based on the proximity of the plantings to the building.
- Town Project Management and Communications costs were allocated 78% to the building and 22% to the municipal improvements. This was determined following the assessment of all other items and approximately matches the contributing percentage split. The values noted here are slightly different than the construction Staff as additional items outside of the PCL scope attribute to the full project costs.

A summary of these costs are shown in the below table.

Strathmore Municipal Building & Strathmore Commons Cost Breakdown

Item	Overall Cost	Strathmore Municipal Building		Municipal Improvements	
		Contributing %	Contributing Cost	Contributing %	Contributing Cost
<i>CONSULTANTS</i>	\$ 1,396,900.00	72%	\$ 1,012,160.00	28%	\$ 384,740.00
<i>UTILITIES</i>	\$ 187,800.00	76%	\$ 142,600.00	24%	\$ 45,200.00
<i>CONSTRUCTION</i>	\$ 12,024,600.00	78%	\$ 9,352,705.00	22%	\$ 2,671,895.00
<i>FURNITURE, FIXTURES, & EQUIPMENT</i>	\$ 846,800.00	100%	\$ 846,800.00	0%	\$ -
TOTALS	\$ 14,456,100.00	79%	\$ 11,354,265.00	21%	\$ 3,101,835.00

STRATEGIC ANALYSIS

Having an accounting of this attribution is standard practice in municipal accounting principles. It is a valuable exercise to assess the Town's assets and to identify where they are depreciating. This review is a small part of this practice.

CONCLUSION

The overall cost of the Strathmore Municipal Building is projected to be \$14.5 Million. Of this amount, we have attributed \$11.35 Million to the Building itself and \$3.1 Million to assets other than the building.

SUPPORTING DOCUMENTATION

Appendix 1 – Table of Cost Distribution

REVIEWED & APPROVED BY D. LAGORE