

Civic Mausoleum Expansion Project - Additional Funding

Presented To:	City Council
Meeting Date:	March 21, 2023
Type:	Managers' Reports
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Recommended by:	General Manager of Corporate Services

Report Summary

This report provides a recommendation regarding additional funding for the Civic Mausoleum Expansion Project.

Resolution

THAT the City of Greater Sudbury approves additional funding request for the Civic Mausoleum Expansion through the Bereavement Authority of Ontario to utilize funding of \$1,950,000 from the Cemetery Care & Maintenance Trust Fund which will be replenished from future sales of this mausoleum expansion as outlined in the report entitled “Civic Mausoleum Expansion Project – Additional Funding” from the General Manager of Corporate Services presented at the City Council meeting on March 21, 2023.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This project is for the expansion to the existing Mausoleum. The new building addition and retrofit will reduce energy use by including new, more efficient HVAC equipment and lighting for the expansion area.

Financial Implications

If approved, the additional funding of \$1,950,000 required based on current estimates to complete the Civic Mausoleum Expansion would be funded through a request to Bereavement Authority of Ontario (BAO) to utilize the Cemetery Care & Maintenance Trust Fund. The trust fund will be replenished before additional revenues will be used to offset annual operating costs.

In the 2021 Budget process that Council approved, business case FA2020-65 identified additional annual maintenance costs of \$13,360. This new building expansion will result in future capital repairs and replacements that will be included in future budget requests as required through the prioritization process.

Background

The Civic Mausoleum was initially constructed in 2000. The site has been expanded over four phases, with

the latest expansion completed in 2012. Phases 2, 3, 4, 5 were completed to increase additional crypts and niches inventory to accommodate a total of 788 crypts for caskets and 1,966 niches for cremations.

The City has provided crypt and interior niche inventory for the community over the past 20 years. As of December 2019, there are no crypt spaces available, and the inventory for niche spaces will require replenishment by 2023 based on historic sales. There is a continued demand for interior crypt and niche spaces. Currently, there is a waiting list for approximately 100 crypts.

In 2021, Council approved business case #FA2020-65 in the amount of \$2,052,000 for the construction. The preconstruction work began with an RFP tender for the Architectural Services in 2021. The RFP for Architectural Services was tendered and awarded to Perry + Perry Architects (“P+P”) on July 30, 2021 in the amount of 6.45% of total construction costs at the end of the project. A Purchase Order has been issued to P+P in the amount of \$132,225 based on the initial estimate to do the design & tender portions. The PO will be reconciled following final completion of the project when final costs are known and quantified, which is anticipated to total approximately \$241,248.

Project Scope

This expansion will provide for the additional crypts and niches to provide the increased capacity demand. This renovation further supports the long-term operational sustainability of the mausoleum.

P+P held and completed preconstruction meetings with staff to finalize facility operational needs, materials requirements; and provided a construction estimate with their tender package documents.

The construction cost estimate provided by P+P prior to tender was \$1,800,000, which was within the approved project budget of \$2,050,000. P+P identified and accounted for several risks related to the current construction environment within the tender documents and estimate. The tender package maximizes the new expansion footprint with 155 crypts and 806 niches to maximize revenue potential for the expanded facility. Although the estimate was consistent with our original budget, P+P cannot predict, nor does it have control or influence on the construction market pricing.

The Civic Mausoleum Expansion Project tender for a General Contractor was posted on Bids & Tenders and closed on September 16, 2022. Only two bids were received. The lowest bid submitted was \$3,000,000 plus optional pricing of \$638,064; for a total of \$3,638,064 if all options were taken. The higher bid received was \$2,875,500 plus optional pricing of \$967,000; for a total of \$3,842,500 if all options were taken.

Both bids substantially exceeded the construction budget of approximately \$1.9 million. The bids appear consistent with market issues that are evident on other facility construction projects. The pricing considers increased costs resulting from labour shortages that may cause reduced productivity, supply chain disruptions and Covid-19 related premiums.

Within the tender documents, it was indicated that a maximum contract price requirement was mandatory. If the bids exceeded this amount, the bid would be disqualified with no risks for The City. Both bidders have been notified that their bids are disqualified since they exceeded the approved budget amounts.

The project is currently on hold pending approval of additional funding, but P+P has updated the tender package. If the additional funding is approved, staff will proceed with a revised tender package.

Current construction market inflation and supply chain issues are still markedly evident. However, with recent Federal Government initiatives related to inflation, there may be indications that the recent raising of interest rates may result in more favourable bid submissions in 2023.

Following review of the received bids, P+P have revised their recommended total construction estimate and are recommending a revised project budget of \$4,000,000, including Architect and Engineering fees, construction costs and contingency.

	Tendered Fee (%)	Fee Amount (est.)	Construction Budget	Project Budget
Architectural Services (Business case FA2020-65)	6.45%	\$132,225	\$1,917,775	\$2,050,000
Increased budget		\$241,248	\$3,740,283	\$4,000,000

The revised project budget can be broken down to the following anticipated estimated costs at approximately:

- \$2,900,000 for the facility expansion which includes an additional 35 crypts not part of the business case
- \$111,000 for 100 additional niches not part of the business case
- \$206,000 for the retaining wall repairs
- \$500,000 for new access road and parking area
- \$241,248 for Consultant Fee
- \$41,752 for general contingency.

Funding

Recent changes to the Funeral, Burial and Cremation Services Act, 2002 permit non-commercial cemetery operators to access the capital portion of a cemetery care and maintenance fund or account to increase the capacity of a cemetery. This is subject to approval from the Registrar of the Bereavement Authority of Ontario (BAO), under the condition that the capital is paid back into the trust fund or account. Staff are recommending that the required \$1,950,000 be borrowed from the City's Cemetery Care & Maintenance Trust Fund. At the time of this report, there is an available balance of approximately \$9.0 million in the trust fund after commitments.

The additional \$1,950,000 would be borrowed from the Cemetery Care & Maintenance Trust Fund to cover the remaining total project cost of \$4,000,000 with annual repayment from the sales of crypts and interior niches, resulting in no property tax levy impact from the project construction. This project is expected to generate total net revenue which will be sufficient to fully replenish the Cemetery Care & Maintenance Trust Fund of \$4,000,000 by 2036. There will be no additional revenues after 2036 as it is anticipated that all units will be sold by 2036.

Conclusion & Next Steps

The additional expansion of the Civic Mausoleum will allow the City to continue to offer crypt and interior niche spaces and maintain service levels. Based on inquiries and historical annual sales, there is sufficient demand for the expansion.

The approach to borrowing required project balance from the Cemetery Care & Maintenance Trust Fund ensures that the project can be achieved with no property tax levy impact. Upon Council's approval of this report, staff will make application to the Bereavement Authority of Ontario to borrow required project funding from the Cemetery Care & Maintenance Trust Fund. Future sales will replenish the borrowings from the reserve fund and trust fund (if approved by BAO).