

## Committee of the Whole (2) Report

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**DATE:** Tuesday, June 21, 2022

**WARD(S):** ALL

**TITLE: VMC YMCA CENTRE OF COMMUNITY AND LIBRARY  
FINANCING AGREEMENT AMENDMENT**

**FROM:**

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

**ACTION:** DECISION

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**Purpose**

To obtain Council approval to increase the loan amount to be financed by Infrastructure Ontario (IO) to include the total construction-related project costs. Also, to seek delegated authority to finalize the revised guarantor agreement and any related documents required to revise the loan amount.

**Report Highlights**

- The VMC YMCA Centre of Community and Library project is financed through Infrastructure Ontario. The YMCA of Greater Toronto is the borrower with the City as the guarantor.
- A review of the construction budget in 2021 identified a total construction budget increase of \$4.1M. A budget amendment for the City's share of the increase (\$2.8M) was approved as part of the 2022 capital budget.
- The facility was opened to the public on April 25, 2022.

**Recommendations**

1. That Council direct Staff to continue to work with the YMCA of Greater Toronto and Infrastructure Ontario to complete the financing of the additional construction budget as identified in the report;
2. That Council delegates authority to the Mayor and City Clerk to enter into a revised Guarantor Agreement and related documents as required, in a form satisfactory to the City's Legal Services and with content satisfactory to the Chief Financial Officer, with the YMCA of Greater Toronto and Infrastructure Ontario.

## **Background**

The VMC YMCA Centre of Community and Library is a 109,000 sq. ft. facility designed by Diamond Schmitt Architects and MJMA Architects. The facility provides a wide range of services and programs to support the physical, social and mental health of people living and working in this growing community.

In 2016, Council approved the YMCA Centre of Community and Library mixed-use project. This approval outlined that the City would contribute up to 2/3 of the construction and project-related costs of the YMCA Community Centre and 100% of the City Library and Recreation Space.

On April 25, 2022, the City of Vaughan, Vaughan Public Libraries (VPL) and the YMCA opened the David Braley Vaughan Metropolitan Centre of Community (formerly referred to as The VMC YMCA Centre of Community and Library) to the public. The new state-of-the-art library and recreation space opened in the City's downtown core include:

- **Vaughan Studios & Event Space**

The Vaughan Studios & Event Space is a recreation venue with three studios, a rooftop terrace, a professional music-recording studio and a gourmet teaching kitchen.

- **VMC Library and VMC Express**

Two VPL locations are accessible in the David Braley Vaughan Metropolitan Centre of Community: a modern and innovative VMC Library and a self-serve storefront called VMC Express. The VMC Library features an extensive collection of new and popular titles and resources for all age groups, including books, videogames, magazines, movies, and more.

- **The YMCA at The David Braley Vaughan Metropolitan Centre of Community**

The YMCA features state-of-the-art facilities, including a fully equipped aquatics area, an innovative childcare centre, summer camps, quality programming for every age and stage and so much more. As a charity that supports vibrant communities, the YMCA offers programs for people of every age and stage, welcoming gathering spaces, family-friendly activities, volunteer opportunities, and more.

## **Previous Reports/Authority**

[CITY OF VAUGHAN \(\[escribemeetings.com\]\(http://www.vaughan.ca/council/minutes\_agendas/AgendaItems/Finance0403\_17\_4.pdf\)\)](http://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance0403_17_4.pdf)

[http://www.vaughan.ca/council/minutes\\_agendas/AgendaItems/Finance0403\\_17\\_4.pdf](http://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance0403_17_4.pdf)

[http://www.vaughan.ca/council/minutes\\_agendas/AgendaItems/CW\(Ws\)0209\\_16\\_3.pdf](http://www.vaughan.ca/council/minutes_agendas/AgendaItems/CW(Ws)0209_16_3.pdf)

## **Analysis and Options**

The YMCA development team has worked closely together since the start of the project to ensure the design and construction of the YMCA Centre of Community and Library is carefully planned and monitored.

### **Although a number of tactics were practiced to effectively estimate and budget construction costs, the fit-out phase of the project saw two construction budget increases**

In 2019, several market conditions that include inflation in labour and material costs resulted in a construction budget increase of \$10.5M. Council approved the City's 2/3 (or \$7.0M) share of the increase.

The construction market continues to experience market price escalation due to labour shortages, supply chain breakdowns, and material cost increases. A review of the construction budget in 2021 identified a further construction budget increase of \$4.1M.

Some of the main drivers for the increase were due to:

- Scheduling – the facility was originally assumed to take 16 months to complete. The early part of the pandemic saw sharp reductions in on-site works, followed by a shutdown and slow ramp-up. The result is a build-out time of over 30 months.
- Consulting – the consulting time on the project increased due to the delays in the schedule.
- Covid-19 – the direct costs related to cleaning, screening, etc.
- Changes - the project experienced numerous and ongoing changes in scope, coordination, and build conditions. These changes consumed the contingencies and drove the budget higher.
- Furniture Fixtures & Equipment - costs came in higher than originally anticipated.
- Child Care - increase in childcare costs from the original budget estimate from three years prior.

The City's 2/3 share (or \$2.8M) was approved as part of the 2022 capital budget.

## **Financial Impact**

The total current construction-related budget for the VMC YMCA Centre of Community and Library project is \$77.0M. The City's portion of this total project cost is \$57.9M, which consists of 100% of the capital costs for the City library and City recreation

facilities and up to 2/3 of the capital costs for the YMCA facility. The project is being financed through an Infrastructure Ontario loan. The YMCA of Greater Toronto is the borrower with the City as the guarantor.

The City will assume responsibility for 2/3 of the additional \$4.1M construction cost or approximately \$2.8M while the YMCA will be directly responsible for 1/3 of the cost or approximately \$1.3M. The below table illustrates the revised construction project budget:

\$M	Current Approved Budget		
	COV	YMCA	Total
YMCA Space	34.5	19.1	53.6
City Space	21.5	-	21.5
<b>Total Construction</b>	<b>56.0</b>	<b>19.1</b>	<b>75.1</b>
<i>Rec &amp; Library FF&amp;E</i>	<i>2.0</i>	<i>-</i>	<i>2.0</i>
<b>Total Budget</b>	<b>57.9</b>	<b>19.1</b>	<b>77.0</b>

A capital budget amendment to capital project RE-9537-17 for the city's share was approved as part of the 2022 capital budget. As the construction for the project is being financed through a loan from Infrastructure Ontario, it is being proposed that IO finance the City's portion (\$2.8M) of the increase. Subject to Council approval, staff will continue working with the YMCA and Infrastructure Ontario to increase the loan amount.

The funding for the financing repayment of the additional \$2.8M is from the City's Community Services and Libraries Development Charges Reserves (proportioned based on square footage). The amendment to the Libraries Development Charges Reserve was approved by the Vaughan Public Library Board. Infrastructure Ontario financing would help spread the impact of the additional \$2.8M on the City's DC Reserves over 20 years.

### **Broader Regional Impacts/Considerations**

N/A

### **Conclusion**

It is recommended that the city's proportionate share of \$2.8M in the construction budget increase be financed over 20 years through Infrastructure Ontario. This provides the City with the opportunity to spread the capital cost impacts over a longer period of time and help match the expected Development Charges revenues from the VMC area with the capital expense of this facility. Additionally, spreading the facility cost over a longer period allows for sufficient reserve funding to fund other capital projects in the City.

**For more information**, please contact: Michael Marchetti, Director, Financial Planning and Development Finance & Deputy City Treasurer, Ext. 8271

**Attachments**

None

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**Approved by**



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**Reviewed by**



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