



City of Moose Jaw

COMMUNICATION # CC-2019-0087

TITLE: Hot Water System Upgrades - Pla-Mor Palace and Kinsmen Sportsplex

TO: City Council

FROM: Department of Parks and Recreation

DATE: June 26, 2019

PUBLIC: This is a Public Document.

RECOMMENDATION

THAT \$32,725.00 (plus applicable taxes and overhead) be allocated from PR 47 in 2019 for the upgrade of the Kinsmen Sportsplex Arena hot water system; and,

THAT the remaining funds in PR 47 be carried forward for the future upgrade of the Pla-Mor Palace hot water system.

TOPIC AND PURPOSE

The purpose of the report is to request City Council approval to make changes to the Hot Water System Upgrade plan at the Kinsmen Sportsplex Arena and Pla-Mor Palace.

BACKGROUND

In 2018, capital funding was approved in PR 47 to complete hot water system upgrades at both the Pla-Mor Palace and the Kinsmen Sportsplex Arena at a cost of approximately \$80,000.00 per facility (\$160,000.00 total). The project would include the removal and demolition of the old, deteriorated and outdated systems and replace them with high efficiency, tankless, hot water boilers. This would greatly improve the hot water supply to the facility, improve the facility's energy efficiency by creating hot water on demand versus continually heating tanks of hot water 24hrs a day, and fall in line with our energy efficiency initiatives within the City.

In December 2018 it was identified that \$160,000.00 was not enough to complete both facilities therefore a report was brought to City Council and the following motion was passed:

"THAT the use of \$102,702.75 from PR 47 be approved for the upgrade of the Pla-Mor hot water system as per the quote provided by Black & MacDonald; and,

THAT the remaining funds be carried forward for the future upgrade of the Kinsmen Sportsplex hot water system."

DISCUSSION

Shortly after City Council approved the change in direction, the Parks and Recreation Department received notice from Black & MacDonald that the boiler they had quoted will no longer meet code in Saskatchewan and is discontinued.

Further to this, the Kinsmen Sportsplex Arena boiler failed in early January 2019 which resulted in an emergency replacement as the facility would not have had hot water for the change rooms and for flooding the ice.

At this time, the Department decided to hire a consultant to determine the updated requirements and create new drawings as the scope of the project had completely changed. Once the drawings were completed the project was put out for tender on May 29, 2019. The tender closed on June 24, 2019 and the costs have come in much higher than originally budgeted.

The updated cost for the Sportsplex hot water system upgrade is \$32,725.00 (plus taxes and overhead) and the cost for the Pla-Mor upgrade is \$236,315.00 (plus taxes and overhead). Total cost for both projects is \$269,040.00 and the Parks and Recreation Department currently has \$140,000.00 of the original \$160,000.00 remaining.

After reviewing all options, it is recommended that we immediately proceed with the Sportsplex hot water system upgrade using the existing funding that has been allocated in PR 47 and that we carry over the excess budget for the future replacement of the Pla-Mor Palace hot water system. The additional funding request will likely occur in 2020 as the current system has reached the end of its life cycle and only runs at 63% efficiency. It is unknown how much additional funding will be requested at this time as there is the possibility of using savings from other capital projects to offset the total request.

The Department also considered the gas tax funding for the Kinsmen Sportsplex as an option, but we are still awaiting the bill to be passed in parliament to officially approve the additional funding to municipalities.

OPTIONS TO RECOMMENDATION

City Council could decide to complete both projects in 2019 and fund the shortfall of \$136,315.00 (plus taxes and overhead) with the Facilities Building Reserve. The projected balance of the reserve following this approval would be \$132,000.00.

Administration did not recommend this option as \$123,000.00 was recently approved to access the reserve for the City Hall elevator modernization and the balance of the reserve would be significantly depleted once again with no approved plan in place to fund the reserve in the future.

FINANCIAL IMPLICATIONS

If the recommendation is approved, approximately \$100,000.00 would be carried over to the future replacement of the Pla-Mor Palace hot water system. This means an

additional \$136,315.00 will be required from other project savings and new budget requests.

PRESENTATION

VERBAL: X

The Parks and Recreation Department will provide a verbal presentation and will be available to answer questions regarding the request.

ATTACHMENTS

None

Report Approval

Written by: Derek Blais, Director of Parks and Recreation

Approved by: Myron Gulka-Tiechko, City Clerk/Solicitor

Approved by: Jim Puffalt, City Manager

Approved by: Fraser Tolmie, Mayor

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____