

Council Chambers
City Hall, Saskatoon, Sask.
Friday, July 20, 2007
at 11:30 p.m.

MINUTES OF SPECIAL MEETING OF CITY COUNCIL

PRESENT: His Worship the Mayor, in the Chair;
Councillors Clark, Dubois, Heidt, Hill, Lorje, Neault, Paulsen,
Penner, Pringle, and Wyant;
A/City Manager Totland;
City Solicitor Dust;
General Manager, Corporate Services Bilanski;
General Manager, Community Services Gauthier;
General Manager, Utility Services Wandzura; and
City Clerk Mann.

Councillor Paulsen entered the meeting at 12:35 p.m. during consideration of Clause A1, Administrative Report No. 17-2007.

Moved by Councillor Penner, Seconded by Councillor Heidt,

THAT Council go into Committee of the Whole to consider the reports of the Administration and Committees with His Worship the Mayor in the Chair.

CARRIED.

“ADMINISTRATIVE REPORT NO. 17-2007

Section B – CORPORATE SERVICES

B1) Credit Union Centre Renovations (File No. 611-3)

- RECOMMENDATION:**
- 1) that City Council approve the terms of the renegotiated internal loan to Credit Union Centre of \$4,022,609 through civic investments funds;
 - 2) that City Council consider Bylaw 8621;

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- 3) that the City Solicitor be instructed to prepare the necessary loan agreement between the City of Saskatoon and Credit Union Centre; and,
- 4) that the Mayor and the City Clerk be authorized to execute the Loan Agreement.

ADOPTED.

BACKGROUND

City Council, at its meeting on January 8, 2007, awarded the contract for the construction of the permanent corporate suites at Credit Union Centre (CUC). The facility improvement included the replacement of six moveable private viewing suites with 21 permanent suites. Access to the upper deck seating was also modified to be accessed from a new mezzanine level, removing the requirement to use the existing hinged stairs. This modification allowed a larger unobstructed viewing area and the development space for the permanent suites. Furthermore, approval was provided for the additional scope of completion of the remaining mezzanine level. This expanded scope would ultimately complete and connect the entire mezzanine level from the existing lounge to the existing mezzanine level private suites.

At the same meeting, Council approved an internal loan from the City of Saskatoon to CUC that will be repaid through incremental revenues resulting from the new suites.

REPORT

At the time when City Council approved the ten year loan of \$4,022,609 the terms were based on an interest rate of 4.75%. The Administration was set to finance the loan through civic investment funds based on market rates available at that time.

In the meantime, the funds were not required immediately by CUC as the project was interim financed using CUC reserves until further cash was required to complete the project. Therefore, the funds from the loan were never advanced.

However, CUC requires the full loan on August 1, 2007, to repay its reserves and complete the balance of the project. The terms of the borrowing have been renegotiated with CUC at an annual interest rate of 5.25% with payments scheduled at six month intervals over a term of ten years. CUC has the option to prepay all or partial principal outstanding at no penalty on specified payment dates. This allows CUC to pay-down the loan over a shorter period if additional funds were available.

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Pursuant to section 152 of *The Cities Act*, a city may only lend money to one of its controlled corporations if the loan is authorized by bylaw. The bylaw must contain details of the amount of money to be loaned, the purpose for which the money is to be used, the rate of interest, the term, the terms of repayment, and the source of the money to be loaned. In that regard, we are pleased to submit for Council's consideration The Credit Union Centre Loan Authorization Bylaw, 2007. This Bylaw contains the various details required by the legislation.

FINANCIAL IMPACT

The Administration normally would fund internal loans through balances in the Property Realized Reserve. However, due to the amount of the required financing and following a review by the City's Investment Manager of the request, the Administration recommended in January 2007 that civic investment funds be used to finance the loan. Given the recent increase in market rates, the desired investment return was adjusted upwards to reflect the same. As such, the renegotiated terms provides the ability for the Administration to proceed with the loan using civic investment funds.

PUBLIC NOTICE

Public Notice, pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

ATTACHMENT

1. Proposed Bylaw No. 8621

Section A – COMMUNITY SERVICES

- A1) Blairmore Multi-District Park/School Site
Phase II Stainless Steel Basin Competitive Pool
(File No.: LS 613-10)**
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- RECOMMENDATION:**
- 1) that City Council award a contract to PCL Construction Management Inc. for the construction of the Competitive Aquatic Centre Phase II, at a cost of \$36,453,400 (the stainless steel basin and accessories are included in this cost) including P.S.T. and G.S.T.;
 - 2) that the contingency of the project be increased by \$250,000;
 - 3) that the source of funding in an amount of \$8,083,014 to complete construction of Phase II to be funded as identified in the body of this report; and

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- 4) that the City Solicitor be requested to prepare the appropriate contract, and that His Worship the Mayor and the City Clerk be authorized to execute the contract document under the Corporate Seal.

ADOPTED.

BACKGROUND

During its May 28, 2007 meeting, City Council approved the following recommendations:

- “1) that the information be received;
- 2) that the Executive Committee recommend to City Council that the budgeted expenditure of \$31,864,100 (the stainless steel basin and accessories is included in this cost) be authorized for the development of the Competitive Aquatic Centre Phase II; and
- 3) that City Council authorize the Administration to release the tender for the construction documents to select a contractor for Phase II construction.”

Attachment 1 provides the background and various recommendations approved by City Council that precede this report. This report provides an overview of the results of the close of the construction tender July 19, 2007.

REPORT

The Shaw Centre Phase II construction documents were publicly advertised in The StarPhoenix June 9, 2007, and The Sunday Sun June 10, 2007, as well as newspapers in Edmonton, Calgary, Winnipeg, and facsimile distribution to local construction contractors June 8, 2007. In order to facilitate competitive bidding, your administration extended the bid from July 10 to July 19, 2007. Three bids were received by 2:00 p.m. July 19, 2007 as follows:

- Graham Construction and Engineering Inc. at \$36,955,496 including P.S.T. and G.S.T.
- Wright Construction Western Inc. at \$41,113,160 including P.S.T. and G.S.T.
- PCL Construction Management Inc. at \$36,453,400 including P.S.T. and G.S.T.

All submissions were reviewed on July 19, 2007. The review committee is made up of Community Services Department and Infrastructure Services Department representatives, a cost analyst, and representation from Friggstad Downing Henry Architects.

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The construction tender required the bidder to provide services that included cast-in-place concrete and steel structure, unit masonry and metal cladding exterior walls, modified bituminous membrane roofing, unit masonry interior partitions, and full mechanical and electrical services. The construction tender budget is \$34,390,000 (this excluded the construction contingency of \$1 million and equipment fit up of \$1,190,650) and includes the cost for the stainless steel basin system supply, installation, and the pool accessories. The tender bid price is 23 percent over the budget estimate reported to City Council May 28, 2007 (\$29,644,100).

In review of the tender bid price, increases occurred in areas where single bid prices were received including piling, metal steel deck, metal wall panels and roofing, and electrical. Other areas of significant increase where more than one bid was received are mechanical, reinforcing steel and the high performance south-facing wall. An increase cost for the construction of Phase II has also caused an increase to the design fees paid to the architect. Fees are established by the Saskatchewan Architect Association based on a standard percentage of 7 percent. In addition your administration included a contract for commissioning services to ensure the control systems in the facility are fully operational when it is turned over to the owner and to ensure the owner has documentation and training to successfully operate the facility.

Shaw Centre Phase II Project Cost and Funding

Phase II Capital Plan

Costs	Estimate Approved by City Council May 28, 2007	Tender Cost July 19, 2007 (Not including G.S.T.)
Design	\$2,220,000	\$3,133,260
Construction	\$29,644,100	\$36,580,654
Total Cost	\$31,864,100	\$39,713,914
Financing		
Borrowing	\$18,000,000	\$18,000,000
Provincial Grant	\$7,299,588	\$7,299,588
Program space funded under Phase I	\$1,071,686	\$1,071,686
Sponsorships	\$1,576,622*	\$1,576,622*
School Board Contribution	\$720,000	\$720,000
MRIF Grant	\$1,250,000	\$1,250,000

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2007 RCE	\$1,713,000	\$1,713,000
Total Financing	\$31,630,900	\$31,630,900
Funding Shortfall (Surplus)	\$233,200	\$8,083,014

*Note: Sponsorship estimate is net of consultant fees, sponsorship signage, and partner cost share for servery and corridor. The high performance and leisure pool naming rights remain available for sponsorship at the time of this report.

FINANCIAL IMPACT

The tender bid price is 23 percent over the budget estimate reported to City Council on May 28, 2007 (\$29,644,100), resulting in a shortfall of \$7,833,014. The current project has a remaining contingency of \$750,000. With a project of this magnitude, your administration would prefer to have a contingency closer to \$1 million. This would result in an additional funding request of \$250,000 to the project for an overall funding shortfall of \$8,083,014. The following funding plan is proposed:

1. In 2006, your administration established a corporate contingency as a source of funds for offsetting additional costs resulting from recent significant increases experienced in construction costs. There is currently a balance of \$2,017,500. Your administration recommends dedicating the full balance of the contingency towards the over expenditure.
2. In 2006, the Province announced an unconditional capital grant under the Community Shares Program. The City received \$6.7 million under this program and allocated the funds to this project. In 2007, when the provincial department of Culture, Youth and Recreation announced their Building Communities Program, the City applied for and received approval for \$7.4 million. When applying for the funds, City Council approved the decision to reallocate the full amount of the Community Shares Program funding to other projects, including \$4,462,500 as the City's matching share under the Building Communities Program. Based on information to date, approximately \$1.1 million will be available to reallocate back to the Shaw Centre.
3. It is recommended that the remaining short fall of approximately \$5 million be borrowed over a 15-year term (consistent with the previously approved borrowing term). This will result in annual payments totaling \$500,000.

The above is summarized as follows:

Contingency	\$2,017,500
Community Shares	1,100,000
Borrowing	<u>4,965,514</u>
Total	\$8,083,014

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Your administration is also continuing with sponsorships for the two pools and specialized equipment. Any funds received will reduce the amount of borrowing or offset the use of the contingency. In addition, your administration will dedicate any additional one-time funding opportunities that may arise.

Borrowing Options

Existing funding includes borrowing of \$18,000,000 which is funded through City Council's approved "Incremental Assessment Growth Funding Plan" whereby \$500,000 per year for six years was dedicated toward funding the debt payments for the following projects: Shaw Centre, River Landing Phase I and the Riverfront Park, Mendel Art Gallery, and Destination Centre/Underground parking.

City Council has the option of extending this plan to include a 7th year of dedicated assessment growth; however, this will commit a portion of the city's growth to these specific capital projects until 2011. This, in turn, limits this and future City Council's flexibility.

The second option is to fund the debt payments directly from mill rate increases in 2008 and 2009 at \$250,000 per year. This is the option your administration is recommending as it represents the most conservative funding scenario and maximizes your flexibility for other projects.

PUBLIC NOTICE

Public Notice, pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

ATTACHMENT

1. Background Recommendations

REPORT NO. 12-2007 OF THE EXECUTIVE COMMITTEE

1. **2007 Flood Protection Program**
Response to the June 17, 2007 Severe Storm Event
(File No. CK. 7820-1)

RECOMMENDATION: 1) that the Administration be directed to develop and implement a program to install backflow prevention devices in those homes that experienced sewer backups and basement flooding during the June 17, 2007 storm event;

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- 2) that the City reimburse property owners 100% of the cost of installation of backflow prevention devices and weeping tile disconnections from the wastewater collection system to a maximum of \$2,500 per property for those properties that flooded, were at risk of flooding, or directly contributed to the flooding of other properties on June 17, 2007;
- 3) that the City fund the backflow prevention reimbursements from the Flood Protection Levy currently being charged at the rate of \$3.00 per water meter;
- 4) that the Flood Protection Levy currently being charged at the rate of \$3.00 per water meter be extended to December 31, 2008, and that the Administration report further prior to this date on the requirement for future extensions of the levy; and
- 5) that the Administration be directed to prepare a communication plan for immediate release to inform homeowners of the initiation of the 2007 Flood Protection Plan.

ADOPTED.

Your Committee has considered and supports the attached report of the General Manager, Infrastructure Services Department dated July 17, 2007.”

Moved by Councillor Hill, Seconded by Councillor Penner,

THAT the report of the Committee of the Whole be adopted.

CARRIED.

INTRODUCTION AND CONSIDERATION OF BYLAWS

Bylaw 8621

Moved by Councillor Hill, seconded by Councillor Penner,

THAT permission be granted to introduce Bylaw No. 8621, being “The Credit Union Centre Loan Authorization Bylaw, 2007”, and to give same its first reading.

CARRIED.

The bylaw was then read a first time.

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Moved by Councillor Hill, seconded by Councillor Pringle,

THAT Bylaw No. 8621 be now read a second time.

CARRIED.

The bylaw was then read a second time.

Moved by Councillor Hill, Seconded by Councillor Dubois,

THAT Council go into Committee of the Whole to consider Bylaw No. 8621.

CARRIED.

Council went into Committee of the Whole with Councillor Hill in the Chair.

Committee arose.

Councillor Hill, Chair of the Committee of the Whole, made the following report:

That while in Committee of the Whole, Bylaw No. 8621 was considered clause by clause and approved.

Moved by Councillor Hill, Seconded by Councillor Heidt,

THAT the report of the Committee of the Whole be adopted.

CARRIED.

Moved by Councillor Hill, Seconded by Councillor Lorje,

THAT permission be granted to have Bylaw No. 8621 read a third time at this meeting.

CARRIED UNANIMOUSLY.

Moved by Councillor Hill, Seconded by Councillor Wyant,

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THAT Bylaw No. 8621 be now read a third time, that the bylaw be passed and the Mayor and the City Clerk be authorized to sign same and attach the corporate seal thereto.

CARRIED.

Moved by Councillor Hill,

THAT the meeting stand adjourned.

CARRIED.

The meeting adjourned at 12:50 p.m.

Mayor

City Clerk