
HALDIMAND COUNTY

Report FCA-02-2025 Budget Amendment, Grandview Lodge HVAC Replacement

For Consideration by Council in Committee on February 25, 2025



OBJECTIVE:

To obtain Council approval for a budget amendment for additional capital funding for the Grandview Lodge HVAC Replacement project.

RECOMMENDATIONS:

1. THAT Report FCA-02-2025 Budget Amendment, Grandview Lodge HVAC Replacement be received;
2. AND THAT the revised budget as outlined in Report FCA-02-2025 be approved for Phases 1 and 2 of the Grandview Lodge HVAC Replacement project.

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Reviewed by: Jeff Oakes, Manager, Facilities Capital and Asset Management

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Approved: Cathy Case, Chief Administrative Officer

EXECUTIVE SUMMARY:

A 2020 building condition assessment identified Grandview Lodge's HVAC system was nearing end of life and would need to be replaced. The new HVAC project would include upgrading to a more energy efficient system and more efficient operations through an upgraded building automation system. From a long term care perspective these upgrades not only meet requirements of legislation but significantly improve the quality of life within the home. These improvements are key in meeting Grandview's mission, supporting its values and demonstrating Ministry compliance.

In April 2021, Grandview Lodge was approved to receive \$3,223,000 in grant funding from the Ministry of Long Term Care (MLTC) under the Investing in Canada Infrastructure Program (ICIP) LTC Covid 19 Resilience Infrastructure Stream for the replacement of the facility's entire HVAC system.

Engineering was initiated in 2021 with the construction tender awarded in 2022. The construction was awarded on an "individual-item basis" as there was not enough grant funding to award the entire project due to the significant construction cost increases occurring at the time. In order to manage the work and the rapidly increasing costs, the project was divided into two phases (Phase 1 and 2) with the highest priority work funded from the initial grant funding award. This work (Phase 1) was completed in 2024.

In 2023, Grandview Lodge received an additional \$3,790,300 in ICIP grant funding for the project which initiated the second phase of the project. This Phase 2 work is underway and scheduled for completion in Spring 2025.

As the project progressed, the project incurred additional unforeseen costs primarily due to required structural work, gas supply issues for the new units, integration of the HVAC fire alarm systems into the new units and fees to hire a third party auditor to complete a compliance audit required by the MLTC. These additional costs resulted in an budget overrun of \$73,100 for Phase 1 and \$276,700 for Phase 2.

Staff are recommending a revision to the 2025 Tax Supported Capital Budget and Forecast, totalling \$349,800 for the overall project, with funding from the CRR-General. This represents an approximate 5% increase to the total budget. It should be noted that the original project was budgeted to be funded from the tax supported capital reserves and that 95% of the costs were ultimately grant funded.

BACKGROUND:

Grandview Lodge is a 128 bed home originally opened in 1910 and was expanded in 1951. In 2006 the home was redeveloped and structured into four separate home areas each supporting 32 residents.

In 2020 a building condition assessment identified Grandview Lodge's HVAC system, including its support systems, was nearing end of life and would need to be replaced. The project would mean not only upgrading to a more energy efficient system but a more efficient means of operating it through an upgraded building automation system. These upgrades allow for more effective control of the air environment in the facility and more efficient distribution and energy usage, resulting in improved safety conditions for residents.

From a long term care perspective these upgrades not only meet requirements of legislation but greatly improve the quality of life within the home. The upgraded systems allow for more precise temperature control within the home as well as a reliable source of backup power fed by a new generator. These amenities are key in meeting Grandview's mission, supporting its values and demonstrating Ministry compliance.

In early 2021, CES Engineering was procured to design and provide consulting services on replacing thirteen roof top air handling units, upgrades to the Building Automation System (BAS), a new electrical room in the basement, a new backup generator for the facility and a new transformer to upgrade the incoming electrical service to the property.

The project was budgeted in the County's approved ten year tax capital forecast, with the intent to replace two to three units per year, prioritized based on inspection condition. During this time staff applied for and were successful in receiving \$3,223,000 in grant funding from the Ministry of Long Term Care (MLTC) under the Investing in Canada Infrastructure Program (ICIP) LTC Covid 19 Resilience Infrastructure Stream. This funding award allowed the County to significantly accelerate the project.

The initial grant funding award of \$3,223,000 was not enough to complete the entire project, so the work was split into two phases, based on priority, with Phase 1 focussed on the replacement of the transformer and roof top handler units above each of the four home areas and a core area of the kitchen and Phase 2 to complete the remainder of the units and associated controls and electrical work over time.

In 2023, an additional \$3,790,300 in ICIP grant funding was received and the Phase 2 work was initiated in 2024.

ANALYSIS:

In order to ensure the project received bids from qualified contractors, a competitive bid process for the entire project was undertaken and closed on September 27, 2022. Two bids were received as follows:

Bidder	Bid Price Received (Including full HST)
Superior Boiler Works & Welding Ltd.	\$4,235,900
ANVI Services Ltd.	\$4,272,600

Based on the initial round of grant funding of \$3.2 million for this project, the decision was made to award a portion of the work totaling \$2.8 million to the lowest bidder, Superior Boiler Works & Welding Inc. This work was identified as the highest priority work and included replacement of the transformer and roof top handler units above each of the four home areas.

The remainder of the work was planned to be completed when additional funding was approved, either through the tax supported capital budget or through additional grant funding. This decision created Phases 1 and 2 of the project.

In 2023, an additional \$3,790,300 in ICIP grant funding was received and order to maintain contractor and project continuity, Superior Boiler Works & Welding Ltd. was retained through a limited tendering approach to complete the Phase 2 work.

During the Phase 1 work, additional structural work related to supporting the roof top units, gas supply issues for the new units and fees to hire a third party auditor to complete a compliance audit required by the MLTC, resulted in an overage of \$73,100.

During the Phase 2 work, additional structural work and integration of the HVAC fire alarm systems into the new units resulted in a budget shortfall of \$276,700.

Staff are requesting that the budget for this project be increased by \$349,800 which includes an additional \$73,100 for Phase 1 and \$276,700 for Phase 2. The proposed budget increase for Phase 2 also includes a contingency for any additional items that may come up during the remaining four months of construction.

FINANCIAL/LEGAL IMPLICATIONS:

In order to cover the additional costs for Phase 1 and Phase 2, the project will require a budget increase of \$349,800. Staff are recommending the following revisions to the 2025 Tax Supported Capital Budget and Forecast:

	Current Approved Budget (Grant Funding)	Amendment Required	Proposed Revised Budget
Capital Expenditures:			
312109 – GVL Roof Top Air Handling Unit Replacement Plan - Phase 1	\$3,223,000	\$73,100	\$3,296,100
312109 – GVL Roof Top Air Handling Unit Replacement Plan - Phase 2	\$3,790,300	\$276,700	\$4,067,000
Total Capital Expenditures:	\$7,013,300	\$349,800	\$7,363,100
Financing:			

312109 – GVL Roof Top Air Handling Unit Replacement Plan – CRR General	\$0	\$349,800	\$349,800
312109 – GVL Rood Top Air Handling Unit Replacement Plan – Ontario Capital Grant	\$7,013,300	\$0	\$7,013,300
Total Financing:	\$7,013,300	\$349,800	\$7,363,100

As presented to Council through the Capital Budget deliberations, there are funding concerns over the 10 year forecast with respect to CRR-General. Financing strategies for future projects will require a thorough review to keep reserve balances funding appropriately to meet ongoing infrastructure needs.

It should be noted that the original project was budgeted to be funded from the tax supported capital reserves and that as a result of two successful grant applications 95% of the costs were ultimately grant funded.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

REFERENCES:

None.

ATTACHMENTS:

None.