



Meeting Date: September 17, 2025
Prepared by: Scott Mairs, Director of Community Services
Submitted by: Scott Mairs, Director of Community Services
Report No: CMS-09-2025
Subject: Municipal Office Renovation Project Costs

Recommendation:

THAT Report CMS-09-2025 re: Municipal Office Renovation Project Costs be received;

AND THAT Council approve the allocation of additional funding in the amount of \$239,780.88 to support the completion of the Municipal Office Renovation, as outlined in this report, to be funded through the Building Department Reserve Fund;

AND FURTHER THAT any additional overages not yet captured in this report be withdrawn from the Buildings and Facilities Reserve Fund and reported to Council in the quarterly capital budget to actual reports.

Purpose:

The purpose of this report is to seek Council's approval for additional funding required to complete the Municipal Office Renovation Project due to unforeseen circumstances and cost escalations not accounted for in the original budget.

Background:

The total funding for the Municipal office renovation project was approved by Council on February 15, 2023, with a total funding allocation of \$5,716,689 ([CAO-5-2023](#)).

The construction portion of the Municipal office renovation project was approved by Council on September 6, 2023, with an allocated budget of \$5,130,310.04 (excluding HST). Since project initiation, several unanticipated factors have impacted the overall cost, including site condition challenges and changes to the overall scope of the project.

These factors have led to a projected shortfall in funding necessary to ensure timely and successful project completion. Staff have reviewed all cost-saving measures and adjusted project scopes where feasible, but additional funds are required.

Analysis:

To date, there have been two prior budget amendments approved by Council for this project:

1. April 3, 2024 – Council approved an amendment in the approximate amount of \$200,000 to include the construction of back offices and hallway, as well as the replacement of the community centre meeting room floor. This change was captured in Change Order #018 (Meeting Room Floor) in the amount \$14,873.10 and Change Order #026 (Back Hallway & Offices) in the amount of \$62,250.71.
2. October 16, 2024 – Council approved a second amendment to fund:
 - o The replacement of the existing community centre partition (Change Order #044) in the amount of \$62,205.92; and
 - o Renovations to the existing washrooms, which were not included in the original project scope, in the amount of \$94,377.20 (Change Order #045).

These changes were necessary to address functional needs and enhance the usability and accessibility of the facility.

As with any renovation project, unforeseen issues and conditions often arise once work is underway. These challenges are typically not visible or predictable during the initial planning and design phases, and can result in necessary adjustments to scope, materials, or timelines to address underlying structural, mechanical, or accessibility-related concerns.

Given that the Coldstream Municipal Office has undergone various renovations over the years, this project was no exception. As work progressed, previously concealed conditions stemming from earlier modifications became apparent, necessitating additional scope adjustments to ensure the facility meets current standards and long-term functionality. Below represents change orders of higher value that were not initially in scope.

It should be noted that Change Orders 001 and 002 were funded from the 2024 capital budget as they had been previously budgeted for prior to the start of the office renovation.

Appendix A1 shows a breakdown of the various change orders.

With respect to architectural/consultant fees, the original contract with VG+ was \$381,850.30. With the number of changes captured in the attached Contract Value Finalization, the updated architectural/consultant fees are now \$427,480.12.

Financial Implications:

Fees	Original Contract	Revised Contract	Notes
Consulting Fees	\$381,850.30	\$427,480.12	+VG Architects
Construction	\$5,130,310.04	\$6,086,809.99 - \$136,552.50 = \$5,950,257.49	Tradition Construction Inc. Original contract value less CO #001 & CO #002 (HVAC) as both these projects were approved in the municipal budget separately from the office reno.
Contingency Fund	\$204,528.66		Contingency Fund set up by staff originally, the revised contract amount includes the overages in the project.
Total	\$5,716,689	\$6,377,737.61 (+12%)	Council approved \$5,716,689 for the Municipal Office Reno project which includes design, construction and contingency

Therefore, the revised total project costs for +VG Architects and Tradition Construction are 12% higher than initially planned.

As part of the financial strategy for this project, a contingency allowance (typically 15-20%) was deliberately not included within the formal construction contract. Instead, staff maintained a separate contingency fund to ensure greater flexibility and control over its use. This approach allows the municipality to respond more effectively to unforeseen circumstances while maintaining transparency and accountability.

Initially, staff allocated \$204,528.66 to this contingency fund as noted above. These funds were strategically invested, generating interest over the course of the project.

In February 2023, staff set up the Municipal Office Build Reserve Fund in the amount of \$5,716,689 ([CAO-5-2023](#)). Up to that point, the preliminary design costs completed by Wasylo Architects were funded from the Buildings and Facilities Reserve Fund for a total of \$50,214.35. Over the course of the two years, the fund earned \$535,360.27 in investment income, resulting in a total reserve fund balance set aside for the project of \$6,302,263.62. Additionally, as staff reported the project overage to council, in 2025, council approved an additional allocation of \$200,000 of the 2024-year end surplus to fund the overage of the municipal office reno to the municipal office build reserve fund ([CPS-30-2025](#)). This brings the total funding allocated to this project to \$6,502,263.62.

Aside from the +VG Architects and Tradition Construction Inc. contract costs above, the additional costs funded from the Municipal Office Build Reserve Fund allocated funds includes the non-refundable HST, and projects related to the municipal office renovation as approved in the 2022, 2023, 2024 and 2025 municipal budgets totalling \$364,306.89:

- Non-refundable HST on the approved contracts (+VG Architects and Tradition Construction Inc) \$112,248.18
- CO#001 and CO#002 HVAC \$136,552.50 plus non-refundable HST - \$138,955.82
- Landscaping of the municipal office to date (including non-refundable HST) \$50,799.00
- Additional renovation work completed outside construction contract (including non-refundable HST) \$36,104.91
- Design work on the renovation project including non-refundable HST \$26,198.98

Therefore, the total project cost is \$6,742,044.50.

Total remaining project overage to be funded:

Total Funding allocated \$6,502,263.62 less total project cost of \$6,742,044.50 = \$239,790.88.

Staff are recommending the Building Department Reserve Fund to fund this shortfall.

Strategic Plan:

This matter aligns with following strategic priorities:

- Sustainable Infrastructure and Services

Attachments:

A1 – Coldstream Municipal Office – Contract Value Finalization