

TALISMAN CENTRE FLOOD RECOVERY BUDGET INCREASE

EXECUTIVE SUMMARY

Approval requested for increased appropriation to the previously approved capital budget for the 2013 Talisman Centre Flood Project due to higher than anticipated costs to repair the flood damage incurred at the Talisman Centre. All costs will be reimbursed through insurance coverage or the Disaster Recovery Program (DRP) with invoices audited and approved by insurers prior to payment by The City.

ADMINISTRATION RECOMMENDATION(S)

That Council approve an increase to the capital budget appropriation, Capital Program 956 (Talisman Flood Project), of \$5 million.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 November 25, Council approved Proposed Adjustments to the 2014 Business Plans and Budgets (C2013-0668) amendments to the Capital and Operating Budgets during the Business Plan and Budgets Adjustments. In Attachment 1, Program 956 was approved for an appropriation of \$2.7 million for repair of flood damage at the Talisman Centre.

On 2013 December 10, Council approved Capital and Operating Budget Revisions for the Period 2013 January 01 to June 30, with Flood Expenditure Update (PFC2013-0634) and approved a net \$95.6 million increase to the approved 2013-2014 Capital Budget (flood related revisions). In Attachment 3, Program 956 was approved for an appropriation of \$7.3 million for repair of flood damage at the Talisman Centre.

On 2014 April 28, Council approved Capital and Operating Budget Revisions for the Period 2013 July 01 to December 31 (PFC2014-169). In Attachment 1, Program 956 was approved for an appropriation of \$2 million for repair of flood damage at the Talisman Centre.

On 2014 July 21, Council approved Talisman Centre Flood Recovery Flood Increase (PFC2014-0585) increasing the budget appropriation for Capital Program 956 by \$3 million and an additional increase to a maximum of \$1 million, if required for project and reported at mid-year or year-end financial report period, provided costs reimbursable by insurance.

BACKGROUND

Talisman Centre is operated and managed by the Lindsay Park Sports Society which represents one of the fourteen Civic Partner relationships supported by The City.

On 2013 June 20, Talisman Centre evacuated the facility in response to The City of Calgary evacuation notice and flood warnings. Talisman Centre moved quickly to mitigate impact by initiating restoration and clean up efforts including pumping water out of its 150,000 square foot basement, which houses its electrical and mechanical equipment. At its peak, water levels in the basement reached four feet.

As a result of the 2013 Floods, Talisman Centre had significant damage to structural, electrical and mechanical infrastructure. The budget appropriation requests to date have been based on estimates made by the Claims Adjusters for the insurers and The City's Claims representatives.

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Initial estimates for the complete repair, restoration, and replacement were \$10 million. Estimates were revised to \$15 million.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Repairs have progressed well at the Talisman Centre and are nearing completion. The project, however, has continued to be complex and challenging for the full repair and restoration of the Talisman Centre as a result of the damage from the flood. The Talisman Centre is complex due to its unique structure, age and additions. As a result of the significant challenges with building pressurization and substantial engineering support (as as-builts were destroyed in the flood), estimated budgets and scheduling for the flood recovery work at Talisman have been difficult and since the previous budget approval, the scope and magnitude of the repair work has continued to expand.

New scope includes substantial modifications to the mechanical and electrical systems. Such as, replacement of the chilled water system, replacement/relocation of the duct system out of lower level, replacement of humidifier in hot yoga room, repair of lighting in dive tank and competition pool and continued work on building management system and controls. Additional expenses have included engineering services and the refurbishment of swim meet touchpad sensors.

With the current budget appropriation fully expended, an increase in the 2013 Talisman Centre Flood Project capital budget appropriation is necessary. The total capital budget appropriation increase recommended by Administration is \$5 million (includes \$1 million budget appropriation from PFC2014-0585) to bring the total budget to \$20 million. All costs will be reimbursed through insurance coverage or the DRP with invoices audited and approved by insurers prior to payment by The City.

The City continues to work with its insurers to process the flood damage claims for insured properties. Insurers advanced The City \$50 million based on early estimates of damage.

Stakeholder Engagement, Research and Communication

The 2013 flood created an additional layer of capital projects and budgets that were developed based on assessments undertaken immediately following the flood, when a precise understanding of the scope and magnitude of impact by the flood on the property was not evident.

Strategic Alignment

This report summarizes budget revisions that align with departmental strategic results and Council Priorities in the approved 2015-2018 Business Plan and Budget. This report meets the requirements of the *Municipal Government Act* (Alberta) (MGA) that require Council approval for the Capital and Operating Budgets.

Social, Environmental, Economic (External)

The Talisman Centre is a world class sport and recreation facility providing a community hub for Calgarians and visitors. Operating under a dual mandate, the Talisman Centre is an important

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facility providing training and competition facilities for the development of Calgary's high performance athletes and wellness and recreation sporting needs of the citizens of Calgary.

Financial Capacity

Current and Future Operating Budget:

None.

Current and Future Capital Budget:

Capital budget revisions reflect recommended changes, to align with higher than anticipated costs to repair the flood damage at the Talisman Centre, as well as previously approved revisions. Administration is requesting Council's approval of a net increase of \$5 million to Capital Program 956 (Talisman Centre Flood Project). All costs will be reimbursed through insurance coverage or the DRP with invoices audited and approved by insurers prior to invoice payment by The City.

The City continues to work with its insurers to process the flood damage claims for insured properties. Insurers advanced The City \$50 million based on early estimates of damage.

Risk Assessment

Without Council approval of the funds, the 2013 Talisman Centre Flood Project may be delayed, reduced in scope, cancelled and/or the payment of contractor invoices may be delayed. Administration monitors capital programs as they progress and will bring back issues, challenges and recommendations within the budget reporting process.

REASON(S) FOR RECOMMENDATION(S):

Administration is providing the recommendation for approval of \$5 million to Capital Program 956 to ensure timely alignment of cash flow with the 2013 Talisman Centre Flood Project work scope. All costs will be reimbursed through insurance coverage or the DRP with invoices audited and approved by insurers prior to invoice payment by The City.

ATTACHMENT(S)

None