

By Charles Hamilton, Saskatoon Star-Phoenix, March 15, 2013

Building prices increasing

The Remail Art Gallery of Saskatchewan project at River Landing is going to cost the city \$9.7 million more than originally anticipated, but Mayor Don Atchison says higher construction costs are just a reality of doing business in a booming city.

“We are totally open and transparent. There aren’t numbers being hid or covered up,” Atchison said in an interview Thursday.

The art gallery project, which includes an underground parkade at River Landing, was originally pegged at \$84 million, but a report going before city council on Monday puts the total cost of the art gallery and the underground parkade at \$93.7 million. At a total cost of \$74.2 million the art gallery itself is going to need an additional \$3.5 million, but the majority of new cost will be driven up by the 160-stall underground parkade. Labour costs and the rising price of concrete mean the parking structure will cost id="mce_marker"9.5 million — \$6.2 million more than expected.

“The price of construction is higher here now than it is in the rest of Western Canada. Those are things that one didn’t foresee occurring,” Atchison said. “You have a River Landing parkade that is literally all concrete. The highest concrete prices are here in Saskatoon. If it’s almost all concrete there isn’t much you can do.” City council is being asked to approve a \$76.8 million contract with EllisDon, the same company building the city’s new police station. The tender — while covering most of the costs of the gallery, the parkade and a self-financed addition onto the Persephone Theatre — does not include a number of outside costs running up the budget for the total project.

“There will be other pieces that are outside of the Ellis Don work,” said Jeanna South, a city planner and project manager with the city.

The land costs for the total project including the gallery and parkade came in at around \$2.3 million and design fees, building permits, contingency funds, and incidentals were also extra costs not included in the construction price from Ellis Don. The outside costs are estimated around id="mce_marker"6.6 million.

Council will also be asked to extend the amortization period for the project to 25 years from the original 15-year period, the report says.

The new mortgage will allow the repayments to be stretched out over more of the lifespan of the facility, the report says. The total base funding for debt repayment of the art gallery itself would be id="mce_marker",300,000 per year.

Atchison says even though the city will have to build at a higher cost now, it will save taxpayers in the long run.

“That’s what it’s going to cost to build and if we don’t build it today two years from now it will

cost even more and people will say why didn't you build it when you had a chance to build it," Atchison said.

The city will borrow an extra \$2.5 million for the art gallery portion. The id="mce_marker" million will come from cost savings and a donation of nearly \$500,000 from the Remail family that was originally slated for "enhanced programming." That money will now go to the finishing of the Picasso Salon that will house a Picasso linocut prints collection worth \$20 million.

The id="mce_marker"2 million the city is borrowing for the underground parkade will be paid back partially through parking revenues.

A fundraising campaign has surpassed its goal of \$20 million toward the cost of the new gallery — including a id="mce_marker"5-million donation from the Remail family. The federal and provincial governments have pledged a total of \$30 million.

Ellis Don's bid — \$79,050,000 — beat Graham Construction's bid of \$80,192,000 and PCL's bid of \$81,411,23 for construction of the gallery and the parkade.

Construction on the project is slated to begin sometime in March if council approves the tender and associated costs.