



City of North Bay Report to Council

Report No: CAO-2024-001

Date: February 6, 2024

Originator: John Severino

Business Unit:
Administration

Department:
Office of the CAO

Subject: Community and Recreation Centre Update

Closed Session: yes no

Recommendation

That Council authorize staff to issue a Request for Proposal for a Progressive Design Build for the design and construction of the Community and Recreation Centre that will achieve substantial construction completion in 2025 and meets the Zero Carbon Building (ZCB) Design Certification requirements of the Green and Inclusive Community Buildings (GICB) Program funding contribution agreement between the City and the Government of Canada with a Target Budget of \$60 million for the design and construction of a new community and recreation centre.

Background

The Market Sounding conducted by Colliers for the design and construction of a new Community and Recreation Centre ("Project") solicited feedback, gathered information, knowledge and perspectives from interested parties ("Participants") to assist the City to determine the optimum project procurement method, inform the design and construction schedule for project delivery, and confirm with the market if the City's target budget for the Project is sufficient for the expected functional program and spatial design of the Project.

Details are summarized in Report to Council IO-2023-017 dated Dec 18, 2023.

The Market Sounding found that:

- "All participants indicated that the current budget of \$52,000,000.00 was likely insufficient given the current design and Net Zero energy requirements. While some cost saving efficiencies suggestions were provided (refer to 2.4.2 Design and Spatial Requirements for details), the

overall commentary was that even with a redesign, the Net Zero requirements will drive the cost higher and likely above the budget. The full impact to cost and schedule was unknown.”;

- Costs of comparative projects awarded between 2019 and 2022 ranged between \$576 and \$719 per square foot and were not built to meet Zero Carbon Building Design Standard v2 requirements;
- Participants qualified any costing information with statements regarding pre-Covid pricing and that the costs do not include energy efficiency requirements which would drive costing upwards.
- Participants suggested budgeting a minimum additional 20% for a Zero Carbon Building versus a non-Zero Carbon Building.
- Participants highlighted the importance of aligning the Project’s budget, schedule and technical criteria to ensure a successful Project outcome through a Progressive Design Build (“PDB”) procurement process;

The findings of the Market Sounding were presented and further clarified through a presentation by Colliers to Council at a Special Committee Meeting of Council on December 20, 2023.

Council Resolution No. 2023-468(a) dated December 20, 2023.

1. Direct staff to develop and issue a Progressive Design Build Request for Proposals to be issued early in the first quarter (Q1) of 2024 for substantial construction completion of the Project in 2025 and meets the CaGBC Design Standard v2 requirements of the GICB funding contribution agreement; and
2. Direct staff to prepare budget target options for Council consideration early in 2024 to establish the budget target that will be part of the RFP to be issued to market in early Q1 2024 that ensures broad industry interest and participation.

Council Res. No. 2023-468(a) was amended by Council Res. No. 2023-468(b) dated December 20, 2023 to include:

“as per the original barrier free design to be issued v2 and/or v3 requirements.”

Staff has since prepared an RFP for a Progressive Design Build Project for issuance.

In addition, staff have reviewed the information presented by Colliers, investigated other recent community centre projects of similar scope, and consulted current cost guides and construction indices (i.e. Statistics Canada Building construction price indexes). It is therefore proposed that it is necessary to include a budget target of \$60 Million to attract serious and broad market interest and participation in the RFP that will lead to selection of a qualified proponent to undertake a PDB of the Project that meets the current expected functional program, Zero Carbon Building technical requirements and

target schedule within the Target Budget.

Once the design phase of the PDB is underway, cost estimates for the Project will be confirmed at a minimum of two key milestones and presented to Council for consideration and direction to continue based on the expected functional program, Zero Carbon Building technical requirements and target schedule within the Target Budget. Should the Target Budget at the key milestones not be sufficient, Council will be given further options to decide whether to continue, de-scope or discontinue the Project.

Financial/Legal Implications

Financial implications were previously outlined in Report to Council No. CAO 2023-001 and Council Resolution No. 2023-350 that is attached.

In light of the information from the Market Sounding, staff has prepared a new preliminary financing plan utilizing the \$25.778 million in GICB funding from the Government of Canada, one time dividends and funding from the Canada Community Building Fund, OLG revenues, PAYGO, Municipal Accommodation Tax, potential surplus from open and cancelled projects and Special Debt to finance the Project and inform the Target Budget to be included in the Project's RFP for construction of the community and recreation centre.

The funds from the various sources available for the draft Preliminary Capital Financing Plan for Council consideration as of January 31, 2024 are listed in the table below.

Preliminary Capital Financing Plan (Jan. 31, 2024)

GICB Program Funding	25,778,016
Canadian Community Building Fund (formerly Federal Gas Tax)	9,420,792
Municipal Accommodation Tax	1,000,000
OLG*	1,000,000
Reserve - Special Dividends	2,074,896
Capital Levy/Paygo Funding	2,942,351
Subtotal	\$ 42,216,055
Surplus from Open/cancelled Projects**	3,050,000
Special Debt ##	14,733,945
Total Target Budget	\$ 60,000,000

* At the discretion of Council additional funds can be allocated from OLG. As February 6, 2023 an additional \$1.5 million is available to be allocated.

** As part of the Year End and June 30th Capital Variance processes, capital projects will be closed and at the discretion of Council a portion of the surpluses can be directed to this Project.

*** Special Debt may be issued to reach Target Budget. Special Debt has always been a requirement to complete the project. As such the City has been actively monitoring debt to ensure balance sheet strength and ensure debt capacity for this Project.

The Target Budget, approved by Council, shall be included in the RFP for a Progressive Design Build Project for issuance.

The new preliminary financing plan based on the Target Budget established by Council will be included in the 2024 Capital Budget.

As a PDB Project, the financing plan will be finalized once the final design is substantially completed and a construction contract negotiated. At the time that the construction contract is negotiated, the City will then have better clarity of the total costs of the Project to finalize the required financing.

A further Report to Council will be brought forward for the purpose of awarding the construction contract for the Project. That report will include the financing plan for the Project.

Corporate Strategic Plan

- Natural North and Near
- Affordable Balanced Growth
- Responsible and Responsive Government
- Economic Prosperity
- Spirited Safe Community

Specific Objectives

- Invest in technology and work practices to reduce the City's energy consumption
 - Protect, promote and enhance the environment in all aspects of the City's operations and plans
 - Foster the creation of a community with a positive environment that instills pride and confidence and supports a resilient diversified and inclusive economy
 - Build on existing sports community to drive sport-tourism
 - Ensure an equitable distribution of resources across City neighbourhoods and include residents of all ages
 - Develop and provide recreational community centre services geared to meeting the broad spectrum of needs in the community
 - Ensure the efficient and effective operations of the city, with particular consideration to the impact of decisions on the property tax base
 - Maximize funding opportunities with other governments
-

Options Analysis

Option 1:

That Council authorize staff to issue a Request for Proposal for a Progressive Design Build for the design and construction of the Community and Recreation Centre that will achieve substantial construction completion in 2025 and meets the Zero Carbon Building (ZCB) Design Certification requirements of the Green and Inclusive Community Buildings (GICB) Program funding contribution agreement between the City and the Government of Canada with a Target Budget of \$60 million for the design and construction of a new community and recreation centre.

This is the recommended option.

Option 2:

That Council authorize staff to issue a Request for Proposal for a Progressive Design Build for the design and construction of the Community and Recreation Centre that will achieve substantial construction completion in 2025 and meets the Zero Carbon Building (ZCB) Design Certification requirements of the Green and Inclusive Community Buildings (GICB) Program funding contribution agreement between the City and the Government of Canada with a Target Budget of \$52 million for the design and construction of a new community and recreation centre.

For the reasons outlined in the background of this report and detailed in the Market Sounding, this option will not ensure broad industry interest and participation in the Request for Proposal.

This option is not recommended.

Option 3:

That Council direct staff to do nothing and defer the Project for consideration in future years.

This option is not recommended.

Recommended Option

That Council authorize to issue a Request for Proposal for a Progressive Design Build for the design and construction of the Community and Recreation Centre that will achieve substantial construction completion in 2025 and meets the Zero Carbon Building (ZCB) Design Certification requirements of the Green and Inclusive Community Buildings (GICB) Program funding contribution agreement between the City and the Government of Canada with a Target Budget of \$60 million for the design and construction of a new community and recreation centre.

Respectfully submitted,

Name: John Severino, P.Eng., MBA

Title: Chief Administrative Officer

I concur with this report and recommendation

Name: Ian Kilgour, MCIP, RPP

Title: Director, Community Services

Name: Peter E.G. Leckie, B.A. (Hons.), LL.B.

Title: City Solicitor

Name: Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Personnel designated for continuance:

Name: David Jackowski, P.Eng.

Title: Manager, Special Projects