



City of North Bay Report to Council

Report No: CAO-2024-008

Date: November 12, 2024

Originator: John Severino

Business Unit:

Department:

Community Services

Office of the CAO

Subject: Community and Recreation Centre Update

Closed Session: yes no

Recommendation

That Council:

1. Receive the update from City Staff and the Project Development Service Team with respect to the progress of the Community and Recreation Centre Project Development Services for the Progressive Design Build of the North Bay Community and Recreation Centre.
2. Authorize the execution of The Change Order with EllisDon Corporation for the Guaranteed Maximum Price (GMP) of \$61,435,000 plus a contingency of \$1,065,000 and \$500,000 internal costs for a project budget of \$63 million for the construction of the North Bay Community and Recreation Center
3. Authorize the transfer of funds to Capital Project No.4510RF Community and Recreation Centre as outlined in Report to Council No. CAO 2024-008

Background

At the May 7, 2024 Meeting of Council, Council passed Resolution No. 2024-07 as follows:

“That Council approve the award of a contract to EllisDon Corporation in the amount of \$2,599,000 (plus HST), for the provision of Project Development Services for the Progressive Design Build of the North Bay Community and Recreation Centre.”

EllisDon Corporation and their Project Development Service Team together with City staff' (Project Team) completed a detailed review of project background documents, completed detailed geotechnical investigations and established building siting for the project. This was followed by development of building concepts including but not limited to; siting, foundation type, super structure, carbon requirements, electrical requirements and identification of long lead time items leading to the completion of a Class D Opinion of Probable Costs for the project.

On August 12, 2024, the Project Team updated Council on the: design development progress; Shared preliminary designs; Confirmed schedule, functional program and target budget alignment; and key accomplishments to that date.

In addition, the Council was updated on the approximate timing for approval for the City to execute a Change Order for commencement of final design and construction work.

Since the Special Committee Meeting of Council (September 10, 2024), the Project Team has substantially completed the design of the facility, and EllisDon Corporation has now provided a Guaranteed Maximum Price (GMP) for the design and construction of the facility. The design has been guided by the framework (Progressive Design-Build Target Framework) outlined below.

Progressive Design-Build Target Framework

The progressive design-build framework for the North Bay Community and Recreation Centre established three primary targets to guide the project: Schedule, Cost, and Program.

In addition, the facility is required to meet the Canadian Green Building Council's (CaGBC) Zero Carbon Design v3 standards for grant funding. As well, the facility is required to provide barrier-free accessibility throughout the full community centre. Funding and barrier-free accessibility requirements are met under all options presented in the Options Analysis below.

Schedule Target: Initially set to meet grant funding requirements, the project completion target was March 2026. However, an extension from the funders has been granted.

The Project now has a target substantial completion of August 2026.

Budget Target: The Progressive Design Build of the North Bay Community and Recreation Centre had a target budget of \$59.5 million for design and construction plus an additional \$0.5 million for internal costs which provided a ceiling for scope and design decisions.

Program Target: The functional program target is to meet the functional

needs approved by Council, delivering a fully functional and community-centered facility. The Functional Program targets inform the recommended change order and available scope options.

Options discussed in the Options Analysis balance the primary targets: Schedule, Budget and Program.

As will be discussed, adjustments to Budget or Program Targets will be necessary to successfully deliver the Project. In addition, a contingency is necessary to address elements (risks) that remain or cannot be completely identified.

Contingency Management and Deferred Scope

A construction contingency is recommended to address project risks, particularly within foundation construction, which is susceptible to unforeseen conditions. This contingency provides financial flexibility, allowing the project to address risks within the approved budget. As risks are retired, funds can be reallocated to reintegrate any deferred scope items, thereby maximizing value and completeness within the progressive design-build framework.

For additional information see Reports to Council CAO 2023-001 dated September 8, 2023, CAO 2023-004 dated December 18, 2023, CAO 2024-004 dated April 23, 2024 and CAO-2024-006 dated August 12, 2024.

Financial/Legal Implications

Capital Project No. 4510RF Community and Recreation Centre was approved with a total budget of \$60,000,000. Should Council approve the requested Change Order as recommended in Report to Council 2024-008 the 2025 budget of \$32,408,491 will be increased to \$35,408,491.

The funding plan for the North Bay Community and Recreation Centre would be as follows:

GICB Program Funding	25,778,016
Special Debt	14,733,945
Canadian Community Building Fund (formerly Federal Gas Tax)	9,420,792
Reserve - Completed Projects	5,050,000
Capital Levy/Paygo Funding	2,942,351
Reserve - Special Dividends	2,074,896
Reserve - Municipal Accommodation Tax	1,500,000
Reserve - Casino Funding	<u>1,500,000</u>
Total Funding	<u>63,000,000</u>

The revised funding plan increases the Municipal Accommodation Tax and the Casino Funding by \$500,000 each along with increasing the Reserve transfer from Completed Capital Projects by \$2,000,000. Should the City be successful in obtaining additional funding there is the option to reduce either the reserve funding or Special Debt.

This approval represents a first charge against the 2025 Capital Budget.

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: Full Scope Award

Issue the Change Order for the final design and construction of the North Bay Community and Recreation Centre, plus contingency. This option ensures the community centre substantially meets the original functional program, avoiding the higher costs and logistical challenges associated with adding items later in an operational facility. See Appendix A.

Guaranteed Maximum Price (GMP) of \$61,435,000 plus a contingency of \$1,065,000 and \$500,000 internal costs for a project budget of \$63 million for the construction of the North Bay Community and Recreation Center.

Option 2: Scope-Adjusted Award

Issue The Change Order for a reduced scope of work which brings the budget as near the target budget as the design team was able to achieve. This approach would necessitate the removal of certain components from the design, resulting in a facility that may not fully meet community expectations for functionality. Additionally, deferring items could lead to higher future costs if reintroduced later, given the logistical complexities and cost premiums of modifying an operational facility.

Items that would be removed from the program include:

- All programming on the 2nd level
 - Warmup space
 - Walking track
 - Administration Office
 - Universal Washroom (1)
 - Elevator
- Finishes in four change rooms
- 54 Parking spots (East parking lot)
- All softscape (trees, scrubs, planters, etc.)

Guaranteed Maximum Price (GMP) of \$60,283,042 plus \$500,000 internal costs for a project budget of \$60.783 million for the construction of the North Bay Community and Recreation Center.

Removing the items outlined above would increase future capital costs when the items are added. Also, the facility may be perceived to be incomplete falling short of community expectations for functionality. Removing the contingency introduces a significant risk to schedule and budget and is not consistent with best practices of project management.

This option is not recommended.

Option 3: Abandon The Project

Abandon the project. The updated MURF study from 2019 indicates a need for 4.8 ice pads in the City and 5.0 ice pads by the year 2036. West Ferris Arena is currently at the end of its life. When West Ferris Arena is decommissioned, assuming no new facility has been constructed, North Bay would have 3 ice pads available for use.

The City would forfeit access to the \$25.78 million federal grant for this project and these funds would no longer be available to the City.

This option is not recommended.

Recommended Option

Issue the Change Order for the final design and construction of the North Bay Community and Recreation Centre plus contingency. This option ensures the community centre substantially meets the original functional program, avoiding the higher costs and logistical challenges associated with adding items later in an operational facility. See Appendix A.

Guaranteed Maximum Price (GMP) of \$61,435,000 plus a contingency of \$1,065,000 and \$500,000 internal costs for a project budget of \$63 million for the construction of the North Bay Community and Recreation Center.

Respectfully submitted,

Name: John Severino, P.Eng., MBA

Title: Chief Administrative Officer

I concur with this report and recommendation

Name: David Jackowski, P.Eng.

Title: Manager, Special Projects

Name: Alan Korell, P.Eng.

Title: Interim City Engineer

Name: Ian Kilgour, MCIP, RPP

Title: Director, Community Services

Name: Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Personnel designated for continuance:

Name: David Jackowski, P.Eng.

Title: Manager, Special Projects