



City of North Bay Report to Council

Report No: CAO-2023-004

Date: December 18, 2023

Originator: John Severino

Business Unit:
Administration

Department:
Office of the CAO

Subject: Community and Recreation Centre Update

Closed Session: yes no

Recommendation

That Council:

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.

Background

In response to Council Resolution Number 2023-350, the City of North Bay engaged Colliers Project Leaders (Colliers) to initiate a market sounding to inform the the Council recommendation to prepare and issue a Request for Expression of Interest for construction of a new Community and Recreation Centre (Project) to be located adjacent to the Omischl Sports Complex.

The Market Sounding Report completed by Colliers is attached for Council's Review. The Market Sounding Package shared with industry participants by Colliers prior to one-on-one interviews by Colliers is attached. Colliers has indicated that typically the Market Sounding Package is not released but has consented to its release to Council to ensure that the Council receives the same version as that which was distributed to participants of the Market Sounding. Colliers understands and consented that the package will be a

public document published as part of the Council Agenda.

Following is a brief summary of the Final Market Sounding Report completed by Colliers.

The Market Sounding conducted by Colliers for the Project solicited feedback, gathered information, knowledge and perspectives from interested parties 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.

The Market Sounding methodology involved four (4) stages:

1. Information Gathering
2. Package Development and Identificaiton of Industry Participants
3. Scheduling, Information Sharing and Interviewing of Industry Participants
4. Information synthesis, Report Development and Council Presentation

Typically a Market Sounding includes eight (8) to ten (10) participants. The engagement undertaken identified 15 potential participants. And resulted in thirteen (13) participating in the process.

Key findings of the Market Sounding include:

- All participants are interested in potentially pursuing the Project and expressed interest in getting more information regarding timelines, budget and technical requirements of the Project
- Participants indicated there is current capacity in the market to undertake a project of this scope
- Participants expressed that local trade participation for certain aspects of the project might offer potential cost savings. But were unable to provide clarity on which areas
- All participants felt that the functional program was typical of two pad community centres
- Suggestions for cost optimization
- Pre-engineered structures could offer cost savings but it is unclear if these structures can meet the Canadian Green Building Council (CaGBC) Zero Carbon Building Design Standard v2 which is a funding requirement of the Green and Inclusive Community Building (GICB) Program
- Participants discussed benefits and challenges of Design Bid Build (DBB) and Progressive Design Build (PDB) expressing preference for the Progressive Design Build procurement method
- Participants indicated that given current Project's Design and Spatial Requirements (Functional Program) and Net Zero Carbon Building Design Standard requirements the \$52 million budget is insufficient
- Participants indicated from their experience in general that incorporation of energy efficiency requirements would likely carry a minimum of twenty percent (20%) premium to a conventional build
- The most comparable project of similar scope and timing (awarded in 2022) is Peterborough's Community Centre project undertaken as a DBB

- delivery method with the caveat that it is not a Net Zero Carbon build
- Some participants indicated a PDB could allow for early and more frequent cost validations that can offer some budget assurance
- Schedule is tight. Construction time could range between sixteen to twenty months. PDB method may allow schedule efficiencies to facilitate a late 2025 construction completion if the Project's RFP is initiated early in Q1 and awarded in early Q2 of 2024
- There was a knowledge gap with the majority of participants in understanding of the CaGBC design standards. Only three had specific knowledge. The Market Sounding Report flags: "The level of experience with CaGBC standards was low among participants and commentary provided may not be reflective of the actual impacts of the design standards."
- Participants with knowledge of CaGBC indicated an estimated potential twenty percent (20%) premium associated with meeting the CaGBC design standards.
- Participants agreed that the Project is attractive and are interested in learning more while flagging potential risks and factors that would cause them not bid when the Project goes to market
- Participants highlighted the importance of aligning the Project's budget, schedule and technical criteria to ensure a successful Project outcome

Conclusions of the Market Sounding are summarized below.

- Expectations of the Project Budget, schedule and Net Zero Carbon CaGBC design requirements are identified as competing factors that must be balanced and aligned to ensure successful completion of the project
- Requirements of the Net Zero Carbon CaGBC design standard v2 must be met to receive the GICB Program funding from Infrastructure Canada
- There is market capacity and market interest in the Project
- Market Sounding participants stated that the PDB is their preferred procurement and project delivery method
- PDB method increases probability of meeting the schedule, allows the City to have a fixed price after design and creates a collaborative environment.
- City should issue a single RFP for a design build partner that includes criteria and processes to ensure selection of an experienced and skilled team is selected given the budget, schedule and technical constraints of the Project
- RFP for PDB should be issued in early 2024 to target meeting the CaGBC Design Standard v2

The current target budget for the Project must be re-visited to ensure market interest and participation.

Financial/Legal Implications

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

In light of information from the Market Sounding, staff if directed by Council, shall prepare a new preliminary financing plan utilizing the \$25.778 million in

Federal funding, one time dividends and funding from the Canada Community Building Fund, OLG revenues, PAYGO, Municipal Accomodation Tax 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 new preliminary financing plan will be prepared for City Council's 2024 Capital Budget deliberations.

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:

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;

This is the recommended option.

Option 2:

That Council 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 in 2025 and meets the CaGBC Design Standard v2 requirements of the GICB funding contribution agreement with a target budget of \$52 Million.

The industry through the Market Sounding has clearly indicated that the budget for the proposed Project is insufficient.

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:

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.

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: Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Personnel designated for continuance:

Name: John Severino, P.Eng., MBA

Title: Chief Administrative Officer

Attachments:

City of North Bay Community Centre Market Sounding Report – Dec 15, 2023

City of North Bay Community Centre Market Sounding Package – Nov 2023