



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner of Community Services

Meeting Date: July 5, 2021

**Subject: Report CSD21-009
New Arena and Aquatics Complex 2021 project update**

Purpose

A report to provide an update on the current status of the Arena and Aquatics Complex project and recommendations for proceeding with the project.

Recommendations

That Council approve the recommendations outlined in Report CSD21-009 dated July 5, 2021, of the Commissioner of Community Services, as follows:

- a) That a presentation by Perkins + Will Architect on the conceptual design be received and that the conceptual design for the Arena Complex as presented by Perkins + Will be approved;
- b) That Morrow Park be approved as the site for the Arena and Aquatic Complex;
- c) That Staff undertake the planning work to offset the loss of three ball diamonds and determine solutions to address the impact to the Peterborough Agricultural Society;
- d) That an amount of \$61,500,000 be pre-committed in the 2022/2023/2024 Capital Budget, including a pre-commitment of \$4,000,000 from the 2021 Federal Gas Tax fund, to proceed with Phase 1 of the Arena and Aquatics Complex project;
- e) That Perkins + Will Architect Canada Inc. 110, Yonge Street, 12th Floor, Toronto ON M5C 1T4 be approved as Prime Consultant at a cost of \$2,871,810 plus HST of \$373,335 for a total of \$3,245,145;

- f) That the project pursues a LEED construction standard;
- g) That the naming right for the Arena and Aquatic Complex be made available for sale as a sponsorship opportunity; and
- h) That a recommended sale of the naming right opportunity for the Arena and Aquatic Complex be presented to Council for its consideration;

Budget and Financial Implications

The approved budget for the project is \$3.5 million (2019 Capital Budget Reference # 6-6.05). Actual and committed costs to date on the entire project, which includes costs incurred at the previous Trent and Fleming sites, are approximately \$3.0 million leaving a balance of \$500,000 uncommitted.

To proceed with the project a \$61.5 million pre-commitment is required. It is proposed that the \$12.5 million 2022 pre-commitment be funded within the proposed 2022 budget guideline all-inclusive tax rate increase of 2.75% with \$4,000,000 of the 2021 Federal Gas Tax one-time top-up funding allocated to the project.

The majority of the remaining 2022 requirement is development charge funded. Pre-committing the remaining \$49 million in 2023 and 2024 will require a tax levy increase as a result of the approval of Phase 1 of this Project in the amount of 0.42% (0.23% in 2023 and 0.19% in 2024). Table 2 – Arena and Aquatics Complex Budget and Funding details the funding sources for the project.

Background

Council approved Report CSD21-005 dated November 9, 2020 as follows:

- a) That City staff review Morrow Park as an alternate site for the Arena and Aquatic complex and provide Council with a follow-up report to include a high-level conceptual design and budget costs associated with pursuing the Morrow Park location
- b) That Council approve a single source consulting assignment for the work associated with the alternate site review to Perkins +Will Architect for an amount not to exceed \$300,000.

Morrow Park Site Review

Perkins +Will Architect, in their role of Consultant, evaluated the proposed site location with a focus on site suitability, site servicing, site access and egress to accommodate the specific needs of a phased arena and aquatics complex that included building size and massing that allowed sufficient space for parking for a facility of this size.

The schedule for completing the site review work has been fairly aggressive and many elements have been considered and reviewed.

The Consultant reviewed both the Morrow Park Master Plan Study completed in 2011 and the Major Sports and Entertainment Centre Study project information presented to Council in November 2020 and considered information within these studies in their review of the Morrow Park site.

Review of the entire Morrow Park site has determined the optimal location for the Arena and Aquatics Complex to be located on the west side of the site adjacent to Park Street. This location will allow flexibility for future phases of the Arena and Aquatics Complex and allow the balance of the Morrow Park site to the east to be re-developed at a future date.

The linear park element of design from the Council approved Phase 1 of the Morrow Park Master Plan Study 2011 as presented to Council through Report CSAD11-011 dated December 5, 2011, continues to retain high value in concept and remains as a design element to be implemented in the overall conceptual design of Morrow Park.

An Environmental Site Assessment (ESA) Phase 2, a geo-technical study and a traffic impact study have all been completed as part of the review of Morrow Park as a potential site for the Arena and Aquatics Complex. The ESA Phase 2 had no significant findings. Further environmental study of the site is not required, and the soil and groundwater testing results had no sign of contamination. The geo-technical study determined the soil conditions have a relatively low bearing capacity and will require ground improvement. Work to determine soil improvement methods will be part of the next steps on the project, an allowance for ground improvement work has been included in the project budgeting. The traffic impact study has indicated no significant impact to cause any operational issues or add significant delay or congestion to the local roadway network on initial review and the study will inform the detail design to ensure best practises for site access and egress for traffic flow.

Site Considerations and Impacts

High level review of the site with various City departments and stakeholders has been ongoing to determine the various impacts should the Arena and Aquatics Complex proceed on the Morrow Park site. The Lansdowne Street widening project is identified as a future project that will require further coordination as both projects develop. The existing use by the Peterborough Agricultural Society (PAS), the ball diamonds and consideration of Morrow Park as a future site for the Major Sports and Event Centre have all been considered.

Report CSAD20-008 dated November 9, 2020 put forward the recommendation to put on hold the further analysis of the Morrow Park location for a new Major Sport and Event Centre (MSEC). At that time, Council directed Staff to perform a review of the Morrow Park site to determine if there was a possibility the Event Centre could be located on this site at a future date, if required. There are significant challenges to

including the future plan for a MSEC facility on the Morrow Park site. An exercise was performed by the architect to test fit the MSEC facility on this site alongside the full three phase build of the Arena and Aquatics Complex facility. The result concluded that while the MSEC facility would fit on the site there would be insufficient parking for both facilities which have similar peak operating hours and the entire site would be taken up by both uses.

Project Engagement and Consultation

A public engagement process began on April 21, 2021 on the proposed location at Morrow Park. City media releases provided information on the project and how people could share their comments. Local media coverage included stories on television news, in newspapers, as well as online coverage. In addition, a mail notification was sent to residents within a 1 km radius of the proposed site. The project team created a project page with content including a video of the public information session, a question and answer section, and the ability for people to subscribe to project updates.

A survey took place from April 21, 2021 – May 14, 2021 and was available with people being able to participate by telephone or online via the City's public engagement platform, connectptbo.ca/arenaandaquaticscomplex. There were 374 survey responses with 80% of respondents in favour of the proposed location at Morrow Park, 16% of respondents were not in favour of the location and 4% had no opinion on the location. Respondents indicated strong support for a variety of sustainability features with energy efficiency as the most important in the overall design. The project page at connectptbo.ca generated 5,959 page views and 2,262 visitors.

A Public Information Session was held April 28, 2021 to engage with the community and stakeholder groups on the potential selection of Morrow Park as the future location for a new Arena and Aquatics Complex. Arena users, pool users and ball diamond users were sent email notification.

City staff have met several times with the PAS to discuss the potential impact the project would have on the current operations of the PAS. During meetings with PAS, they expressed their willingness to be flexible regarding their use of the Morrow Park grounds and to work together with the City on this project. PAS provided a letter with feedback on the proposed project and this letter is attached as Appendix A. In the event that the project proceeds at Morrow Park, we will continue to engage with PAS. A separate Capital Project and budget would need to be established and submitted to Council through the annual budget approval process. This project would provide amenities that would continue to support the PAS at Morrow Park in the coming years until such time that Phase 2 of the Arena and Aquatics Complex project is implemented, when a further review of the impacts to the PAS would be required.

City staff have undertaken a review of ball diamond scheduling demand across the City to determine the potential impact as a result of the loss of three ball diamonds at Morrow Park. There are currently four Level B ball diamond fields at Morrow Park that are classified for use as adult slo-pitch diamonds. Should the Arena and Aquatics

Complex project proceed on the Morrow Park site, a separate Capital Project budget would be required for either the addition of lighting on three existing ball diamonds in other locations across the City to expand their use and meet demand, or the potential purchase of land for the purpose of creating three new ball diamonds. One ball diamond would remain at the Morrow Park location and is shown conceptually as being re-orientated with the line from home base through the pitcher's plate to second base running East-Northeast which provides the optimal orientation.

Report APRAC21-009 Arena and Aquatic Complex Update 2021 and presentation was provided to the Arena, Parks and Recreation Advisory committee on April 13, 2021. The report included information on the project status and the public engagement process prior to launch. The presentation to the Committee included the conceptual site plan for Phase 1 including the approved program elements, an overview of Phase 2 and 3 and highlighted the site opportunities and potential site impacts of the existing site use and amenities.

Fundraising Discussion with Community Groups

City staff have undertaken two engagement sessions with stakeholders and user groups to provide information and solicit input regarding fundraising activities that could support the capital project. Engagement Session 1 held May 19, 2021 outlined the fundraising framework initiatives and invited attendees to develop a fundraising strategy and for groups to align their fundraising efforts to have the most effective return on effort. Engagement Session 2 held June 2, 2021 provided a more interactive opportunity to consolidate information and ideas from stakeholders and user groups to collectively build a fundraising strategic plan for this project. Staff will continue to engage stakeholders and user groups and support discussions and ideas about fundraising opportunities as this project progresses.

The community sponsor revenue line item in the project budget will include sponsorship revenue that would be allocated toward the project capital budget. The naming right for the Arena and Aquatic Complex would have an estimated value of \$50,000 a year; the naming right for each ice pad would have an estimated value of \$25,000 a year; and the running track naming right would have an estimated value of \$10,000 a year. There would also be a number of other sponsorship opportunities within the facility, such as the typical rink board program and in-ice logo placements. There is significant uncertainty at this time on the estimated valuations due to the current market conditions for sponsorship during the pandemic and projecting a recovery period.

Certain sponsorship assets, such as the facility naming right, would be allocated to support the capital budget for the construction of the new facility. Other sponsorship assets would be sold to generate revenue to support the ongoing operation of the facility.

Sponsorship opportunities would be made available for sale and agreements for sale would be approved in accordance with the City's sponsorship policy. Under both the current and the proposed new sponsorship policy, Council is the approval authority for

the naming rights for a City facility. The recommendation in Report CSD21-009 to make available for sale the naming right for the Arena and Aquatic Complex would allow the City to sell the naming right; however, any recommended sponsorship opportunity for the building naming right would be presented to Council for its approval before the sale could proceed.

To seek a naming right sponsorship for the Arena and Aquatic Complex, the City would post an invitation for interested parties to submit an expression of interest and proactively approach potential sponsors to discuss the opportunity. While the valuation will be a key consideration in any recommended naming right sponsorship, there would also need to be a good fit – or alignment – between the potential sponsor, the audience/users of the facility, and the City to bring forward a recommendation for Council's consideration.

Conceptual Site and Facility Design

The conceptual site design evolved naturally through the site review process. The facility continues to be developed as part of a three-phase plan. Staff have previously recommended the building be designed and built to achieve LEED standard and continues to recommend that the Arena and Aquatics Facility be built following the Canada Green Building Council (CaGBC) LEED certification system to align with the City's approach for building new facilities with Council's commitment to Climate Mitigation and Climate Adaptation.

The design would continue to include the following program elements that were previously approved by Council:

Phase 1:

- A twin pad arena with 500 seats on each pad;
- An elevated walking/running track;
- 12 team change rooms and 2 official rooms;
- A team training centre;
- Office / Administration / Customer Service space for City staff;
- Office space leased to sport group(s);
- A concession stand;
- Two multipurpose rooms;
- Public washrooms, elevator and storage;
- Landscaping and parking; and
- LEED construction standard

Planned future Phase 2 - Competitive 8 lane pool with changerooms;

Planned future Phase 3 - Third ice pad expansion.

Project Budget Update

As part of the site evaluation process, a Class D construction cost has been undertaken. Site characteristics have also been considered in the development of the total project budget. The budget includes construction costs based on a mid-level of finish for the facility assuming escalation to Q3 of 2022.

The project budget for Phase 1 at Morrow Park is outlined in **Table 1** below:

Table 1 – Arena and Aquatics Complex estimated project costs at Morrow Park

Description		Amount
Construction Cost per Class D Cost Report June 2021	Arena (114,000 sq ft)	\$43,662,000
	Arena Site Work	\$7,460,000
	Escalation to Q3 2022	\$2,556,100
	Construction Contingency	\$1,610,343
	Estimated Construction Costs	\$55,288,443
Consulting Fees	Schematic Design	\$351,938
	Design Development, Contract Drawings & Specification	\$1,689,300
	Project Tender and Construction Administration	\$774,262
	Disbursements	\$56,310
	Estimated Consulting Fee Costs	\$2,871,810
Project Soft Costs	Permits/Bonding/Geotech/Legal/Survey	\$1,175,000
	Construction Management Fee	\$1,022,440
	Furniture, Fixtures and Equipment	\$600,000
	Miscellaneous	\$180,000
	Project Contingency	\$862,307
	Estimated Project Soft Costs	\$3,839,747
Project Total Estimated Costs		\$62,000,000

Project Funding Model

The project funding for Phase 1 at Morrow Park is outlined in **Table 2** below:

Table 2 – Arena and Aquatics Complex Budget and Funding

C1	Total C2	Pre- approved C3	2022 C4	2023 C5	2024 C6
Total Project Costs	65,000,000	3,500,000	12,500,000	25,000,000	24,000,000
Funding					
Recoveries (User Fees)	300,000	300,000			
Community sponsor	1,000,000				1,000,000
User Fee Debt - Arena Surcharge	2,500,000				2,500,000
DC Debt-Recreation	38,862,000	1,751,400	8,218,100	15,875,000	13,017,500
Capital Levy	1,448,600	1,448,600			
Federal Gas Tax	4,000,000		4,000,000		
Tax-supported Debt	16,889,400		281,900	9,125,000	7,482,500
Total Project Funding	65,000,000	3,500,000	12,500,000	25,000,000	24,000,000

Opportunities to reduce the budget cost and mitigate project risk.

Currently there is volatility in the construction market due to the COVID-19 pandemic that has affected pricing on a myriad of materials, manufacturing and supply, and also labour rates. The Class D cost provided includes a calculated percentage of current market pressures. Currently the costing as presented aligns with Council direction for a mid-level finish facility that attracts sports tourism as a long-term objective for a community hub facility.

The project team have considered options to reduce the overall budget and a value engineering process has already been undertaken on the mid-level finish elements that were part of the original project scope. A switch to a low-level finish can be explored if desired. Lower-level finishes would reduce the cost per square foot on the 114,000 sq ft arena budget line shown above in Table 1, the site costs would remain unchanged. A more aggressive option to reduce the budget would be to consider eliminating certain elements of the programming.

Consideration was also given to the option of a pre-engineered building with basic level finishes, however that building type would be aesthetically unsuitable in the urban context of the Morrow Park site given the surrounding properties and prime location on Lansdowne Street.

Construction Management Contract Method

City staff will continue the role of construction project lead and recommend using a Construction Management approach should the project move forward. This approach will allow an opportunity to bring a broader expertise onto the project team. This method is a collaborative approach to building and provides the continuous opportunity for value engineering as the project develops and assists to mitigate the risk of exceeding the project budget. Through a competitive procurement process, the successful Construction Manager will join the project team in the next stage of design development and oversee such elements as schedule, cost, construction methodology and building technology.

Project Scope, Fee Proposal and Agreement

Staff recommend Perkins + Will continue in their role as Prime Consultant. Perkins + Will have provided a fee based on the revised construction cost and have maintained the fee percentage of their original proposal set out in the 2015 Request for Proposal P-27-15. The total projected fee is a cost of \$2,815,500 with a further \$56,310 set out for disbursements for a fee cost of \$2,871,810 exclusive of HST. An OAA 600 Agreement with Perkins + Will would be prepared according to the recommendations approved by Council. The City Clerk and the CAO will sign the agreement as per Procurement By-law 18-084 Part 7.5.5. Council Approval of Non-Standard Procurement

This report is requesting the approval of fees to be awarded to Perkins + Will Ltd. under Section 11.3.1,d.,ii of Procurement By-law 18-084, where Council approval is required for the non-standard procurement of additional deliverables of value over \$100,000.

Perkins + Will have been providing services as the Prime Consultant for the project through the award of P-27-15. The services provided have been incrementally approved through a series of Reports to date. The ongoing work required to develop the project at Morrow Park builds upon the previous work undertaken. It could not reasonably be determined at the time the original work was approved additional services would be required to relocate the project to an alternate site.

Schedule and Next Steps

Should Council approve the recommendations in this report, work will commence on the next stage of the project immediately.

City staff will work diligently towards a goal of a construction start in Q3 of 2022 with an anticipated facility opening in Fall 2024. The following tasks will need to be undertaken in a very timely manner to achieve this goal:

Task	Timeline
Schematic Design	Aug - Oct 2021
RFP for Construction Management Services	Aug - Oct 2021
Detailed Design Development	Nov 2021 – Jan 2022
Site Plan Application	December 2021
Construction Documentation	Jan 2022 – June 2022
Tender and Contract Awards	Jun 2022 – Jul 2022
Construction Start	August 2022
Anticipated Construction Completion	September 2024

City staff will also undertake the work to develop separate budgets and planning for offsetting the three ball diamond fields based on a thorough scheduling review and continued review of the impact to the PAS and their ability to continue to function at Morrow Park.

Staff will provide a report back to Council with a further design update on the Arena and Aquatics Complex project later this year.

Summary

Council's endorsement of the recommendations in this report will pre-commit the 2022/2023/2024 Capital Budgets, engage Perkins + Will as prime consultant and allow Staff to continue to develop the Arena and Aquatics Complex project to pursue a LEED construction standard and proceed with Phase 1 of the project at the Morrow Park site. Staff will continue to engage with PAS to determine their requirements to align with their strategic plan and provide a separate Capital Project through the annual budget approval process. Staff will also submit a separate Capital Project for the addition of lighting on three existing ball diamonds in other locations across the City to expand their use and meet demand.

Submitted by,

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Attachments

Appendix A – Letter from Peterborough Agricultural Society dated April 12, 2021