



CITY OF PRINCE ALBERT

EXECUTIVE COMMITTEE SPECIAL MEETING

AGENDA

**WEDNESDAY, JUNE 8, 2022, 5:00 PM
COUNCIL CHAMBER, CITY HALL**

1. CALL TO ORDER

2. APPROVAL OF AGENDA

3. DECLARATION OF CONFLICT OF INTEREST

4. ADOPTION OF MINUTES

5. DELEGATIONS

6. CONSENT AGENDA

7. REPORTS OF ADMINISTRATION & COMMITTEES

7.1 Aquatic & Arenas Construction Tender Award (RPT 22-194)

Verbal Presentation: Wes Hicks, Director of Public Works

7.2 Updated Funding for Aquatic and Arenas Recreation Centre – June 2022 (RPT 22-253)

Verbal Presentation: Briane Vance, Finance Manager

8. UNFINISHED BUSINESS

9. ADJOURNMENT



RPT 22-194

TITLE: Aquatic & Arenas Construction Tender Award

DATE: **May 2, 2022**

TO: Executive Committee

PUBLIC: X

INCAMERA:

RECOMMENDATION:

1. That the City award the Contract for Construction of the Aquatic & Arenas Recreation Centre to Graham Construction LP of Saskatoon for \$105,268,000 plus applicable GST & PST taxes.
2. That the City accept Alternate Price #11 Revised Foundation Design Load Factor 0.6 for credit of \$556,000 and Separate Price #1 Two Pile Load Testing for cost of \$110,000 for a total credit of \$457,000.
3. That the City approved Value Engineering Change Order #1 for 49 Value Engineering Items for total estimated credit of \$6,672,900.
4. That the City approved the overall project budget including; management, design, fit-up, furnishings, construction, contingencies, and applicable taxes at \$113,888,950.
5. That the cost of the project will be covered as detailed in Council Report Funding for the Aquatic & Arenas Recreation Centre – Construction Report to Council.
6. That the Mayor and City Clerk be authorized to execute the Contract, and any other applicable documents on behalf of the city once prepared.

TOPIC & PURPOSE:

The purpose of the report is to award Construction Contract for the Aquatic & Arenas Project.

BACKGROUND:

May 1, 2019 the City of Prince Albert submitted an expression of interest for a Sport Complex under the Investing in Canada Infrastructure Program (ICIP). This expression received a positive response and the City proceeded to the next step.

June 25, 2019 the City of Prince Albert submitted a grant application for a Sport Complex under the Investing in Canada Infrastructure Program (ICIP).

September 6, 2019 the Governments of Canada and Saskatchewan announced publically that they recognize that strategic investments in recreational infrastructure play a key role in supporting healthy, dynamic and inclusive communities where all residents have access to opportunities. The City of Prince Albert was pleased to learn that the revised application for a new Aquatic and Arenas Recreation Centre had been approved by the Federal Government through the Canada Infrastructure Program. Prince Albert was approved for \$44 million of the \$60 million project which includes \$24 million from the Federal Government, nearly \$20 million from the Provincial Government and the remainder \$16 million to be funded by the City of Prince Albert.

With that announcement the City Manager's and Mayor's Offices began the investigation and negotiations to secure a land location for the new facilities. By June of the following year land was in place and the first report was brought before Council to approve the purchase. Subsequently the project kicked into gear and what followed was a two year journey and many update and decision reports to Council.

Lead by the City Manager an Administration Project Team was created and made up of; the Director of Public Works, Director of Community Services, Manager of Capital Projects, and the Recreation Coordinator. In October 2020 the Team attended a 5 day facilities tour of 8 similar and recent facilities in Edmonton, Red Deer and Calgary to investigating what works and what not to do along with the newly retained AECOM Project Manager and Group 2 and MJMA Architectural Team.

Over the next 4 months the team met 5 times to come up with the 3 preliminary conceptual design options to present to Council. Council and Team held two Strategic Planning Sessions in February 2021 and after further consideration the scope and conceptual option was selected and in late March 2021 Council gave direction to Administration to proceed with Detailed Design.

The Team met 21 times over the next 9 months to complete the detailed design. Along the way Administration brought forward to the Project Steering Committee (and subsequently to

Council), design updates and options on various issues such as; location of water slides, exterior building finish, accessibility parking, parking lot stall width, and accessibility lift access to the competition pool. PowerPoint Presentations were also given at design intervals of 30%, 50%, 70% and 90% with interior and exterior renderings to show the progress of the design.

By January 2022 the project was ready for pre-qualifying General Contractors. This stage saw 4 more meetings with finalizations of the drawings and specifications and selections of 3 pre-qualified General Contractors; Graham Construction, PCL Construction, and Wright Construction, all from Saskatoon.

Finally, in March of 2022 after 18 months and 30 meetings, 366 drawings, 1,617 pages of specifications the tender packages was sent to the General Contractors for bidding.

Below is a list just highlights some of the important milestone reports.

June 2020. Council RPT 20-267 Approval to purchase of 18 acres from Signature Development.
 Sept 2020. Council RPT 20-379 Award of the Detailed Design to Group 2 and MJMA Architects.
 Sept 2020. Council RPT-20-381 Approval of the \$60,000,000 ICIP funding agreement.
 Sept 2020. Council RPT 20-393 Award of the Project Management to AECOM.
 Mar 2021. Council RPT 21-107 Approval of Conceptual layout and to proceed to Detail Design.
 Mar 2021. Council RPT 21-120 Establishment of the Project Fundraising Committee.
 Mar 2021. Council RPT 21-212 Establishment of the Project Steering Committee.
 May 2021. Council RPT 21-268 Addendum to purchase 25 acres from Signature Development.
 Aug 2021. AARP RPT 21-5 Approval to move the Slides to North end of the Aquatics.
 Oct 2021. AARP RPT 21-6 Approval on Exterior Design and Design-Bid-Building Delivery Model.
 Nov 2021. AARP RPT 21-7 Approval on 30 Handicap parking stalls (9 Phase 1 & 21 Phase 2).
 Nov 2021. AARP RPT 21-8 Approval on 3m parking stall widths.
 Nov 2021. AARP RPT 21-9 Approval on Handicap Lift access to the Competition Pool.
 Jan 2022. AARP RPT 22-2 Approval of Detailed Design, and to proceed to Tender.
 Feb 2022. AARP RPT 22-4 Subdivision Zoning & Building and Development Permit Implications.

Back in May of 2019 when the expression of interest was submitted there was no real comparable facilities in Saskatchewan in order to get a magnitude of construction cost. At this stage the project was given a \$60,000,000 place holder for the application.

More than a year later in October 2020 the Architectural team was brought on board. After the facilities tour and preliminary conceptual design was completed in December 2020 a Class D cost estimate was presented at \$69,380,000. In an effort to get back to the budget the Team came up with some potential cost saving options to present to Council. The pool was reduced from 8 lanes to 6 lane and on deck seating reduced from 400 to 200. The hockey rinks seating was brought down to ice level and reduced from 800 and 400 to 300 for each. The commercial space available to rent was 500 sq/ft. This brought the cost estimate down to \$61,270,000.

These options and others were discussed at two Strategic Planning Sessions held in February 2021 with Council. After strategic planning sessions with Council felt reducing the scope was not worth the cost savings and that the facility should proceed with all the planned amenities. Council directed Administration to proceed with an 8 lane completion pool with 200 above deck

seating. Hockey Rinks would have above ice seating of 540 and 270 respectively with 90 standing room, and the commercial area for rent would be 2,000 sq/ft. This brought the April 2020 cost estimate to \$69,380,000.

By September 2021 after 33% design the Class C cost estimate was \$73,380,000. Extensive efforts were put into value engineering to reduce costs without reducing the function or the overall size of the building.

By December 2021 after 75% design the Class B cost estimate was \$78,100,000. This price was a result of the 21 months of COVID-19 disrupting the supply chain and making products such as steel and electronics difficult to source and such sending pricing up.

Class B Cost Estimate December 2021

Design & Fit-up Costs

Project Manager Fees	\$ 398,778
Design Fees (based on \$55M)	\$ 3,670,000
Equipment Fit-up & Furniture	\$ 2,500,000
Sub Total	\$ 4,318,778

Construction Costs

Aquatic & Arenas Building	\$57,759,231
Site Works, Utilities and Parking	\$ 5,087,884
Estimating Contingency (3.5%)	\$ 2,199,649
Escalation (1.2%)	\$ 785,589
Sub Total	\$69,832,353

Taxes

PST (6.0%)	\$ 3,949,941
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Total Class B Cost Estimate \$78,101,072

December 2021 inflation rate was 4.8%. This was followed by January inflation of 5.1%, February at 5.7% and March 6.7%, April 6.8%. This is the highest inflation rate since 1991. These rates have been acerbated by the Russian invasion of Ukraine which has sent oil and gas prices up. One year ago Western Canada Select oil was \$51.06 a barrel. Now it's \$99.99. That's a 96% increase. This has sent Prince Albert asphalt prices up 27% which effects the parking lot. One year ago fuel at the pumps was \$1.199. Now it is \$1.879. That's a 57% increase to the cost of delivery of all materials to the construction site. Other materials such as steel, mechanical equipment and electronic control equipment all have shipping supply issues and increased prices. These were all concerns but none that are within our control.

Again to potentially lower construction costs, the Design Team came up with 10 possible items that could be removed from the project without impacting the overall function of the facility. These items were placed into the tender as Alternate Priced Items. These items would be

separately priced by the General Contractors at the time of tender thus giving the City the ability to add or delete these items depending on the value of the items.

Alternate #1 Delete Exposed Arena Header and Mains Trench. Presently the header for the piping that chills the ice surfaces is designed as exposed. When fittings or and valves springs a leak the boards are removed and the header is repaired. This is the traditional method of construction for ice rinks. Recently with advancement in piping materials headers are now incased in concrete similar to the pipes under the ice. It was anticipated that this could be a large cost savings.

Alternate #2 Add Exterior Pole Mounted Light Fixtures. Presently the park area is designed with street lighting along the path ways but not included in the base bid as a cost saving measure. This is an item that can be easily added at a later date if the price is too high.

Alternate #3 Add Exterior Facade Illumining Colored Lights. Presently the front of the building is designed with changeable lighting that will illuminate the building at night, but not included in the base bid as a cost saving measure. This is an item that can be easily added at a later date if the price is too high.

Alternate #4 Delete Emergency Generator. The building is designed with a back-up generator included in the base bid to protect the facility from a long power outage. If the price for this item comes in too high it could be deleted and added to the project at the end by going directly to the electrical sub-contractor. This was done on the WTP Reservoir & Pump House.

Alternate #5 Add Arenas Service Courtyard Fence. The security fencing around the back of rinks for storage of City equipment is designed but not the included in the base bid as a cost saving measure. This is an item that can be easily added at a later date if the price is too high.

Alternate #6 Add Operable Partition in Multi-purpose room. The Multi-purpose room in the Aquatic area is designed with movable partition wall to split the room into two, but not included in the base bid as cost saving measure. This is an item that can be easily added at a later date if the price is too high.

Alternate #7 Add Tyndal Stone Feature Wall in Lobby. Presently the building has been designed with a feature Tyndal Stone wall finish on the rink size of the lobby to give a historical architectural connection to the other Prince Albert Buildings such as the Court House, Water Plant and City Hall. This item is not included in the base bid as a cost saving measure. This is an item that cannot be added later so if the price is reasonable this is the only time in which it can be done and should be accepted.

Alternate #8 Add Arenas 2nd Level Epoxy Floor Coating. The seating areas of the hockey rinks are designed as polished concrete. This alternate would add an epoxy floor coating as an added protection to the floors. This was not included in the base bid as a cost saving measure. This is an item that can be easily added at a later date if the price is too high.

Alternate #9 Delete Liquidated Damages Clauses. Liquidated Damages are costs the City incurs when the construction of the building is delayed and the architects and engineers inspecting the General Contractors works requires additional visits over a longer period of time. This is a standard clause in contracts. Presently as discussed above is that COVID-19, inflation and the war in Ukraine has cause major supply chain problems. Contractors may have delivery delays beyond their control and therefore will be forced to increase the risk contingency they build into their base bid. Deleting the Liquidated Damages Clauses could be a potentially larger savings then the City paying the Architects and Engineers for their extra time on site.

Alternate #10 Revise Bid Acceptance and Award to 30 days. Again as discussed above that COVID-19, inflation and the war in Ukraine has cause major supply chain problems. Contractors are having difficulty in getting suppliers to guarantee their prices for the 45 day tender period. Reducing the guarantee period down to 30 days could be a potentially large savings. The down side is that Council has less time to ponder award of the Contract.

Alternate #11 Revise Foundation Design Factor of 0.6. When designing any building the structural engineers base their design on the geotechnical investigation report and must calculate the required size and strength of the foundation to hold the building. This design must include a large safety factor as ground conditions are never constant and can change with moisture conditions. More rain causes the ground to have less strength. One way of reducing the safety factor is when actual destructive pile loading tests are conducted. Similar principle to crash testing of cars to improve their safety. Destructive testing is expensive and involves installing two piles near the building footprint. Place a beam across them and loaded that beam until the piles and or beam fail. Load sensor tell the engineering about the movement of the piles in the ground and they can then design closer to the actual strength required to hold the foundation in place. This price will be the potential saving of a reduced foundation design.

Separate #1 Add Price for Two Pile Load Test. This Separate Price is the cost to conduct the above Two Pile Load Test. The difference between the cost of this Separate Price and Alternate #11 is the actual cost savings to the project. If positive both items should be accepted. If negative both items should be rejected.

Tenders opened on March 16, 2022 with an original bid period of 4 weeks closing on April 13, 2022. By the end of the second week General Contractors were requesting a 2 week extension to due enormous size of the project. On April 4 the closing date was extended to April 27. By the end of the fifth week General Contractors were requesting a 1 week extension due to difficulties of supply chains in getting pricing on major equipment. On April 20 the closing date was extended to May 4, 2022. Total tender bidding time was 7 weeks.

PROPOSED APPROACH AND RATIONALE:

The approach and rationale of this project has been the same from the first report to Council.

The City of Prince Albert has been approved through the Canada Infrastructure Program to construct a new City of Prince Albert Aquatic and Arenas Recreation Centre. The 149,565 sq/ft facility will include an aquatic centre and two hockey rinks.

A new aquatic facility will provide recreational opportunities such as:

- Swimming lessons – basic and advanced for all ages
- Fitness activities – lane swimming, aquasize, etc.
- Competitive swimming – swim and triathlon clubs
- Aqua therapy and wellness
- Lifeguard training
- Public Swimming Sessions
- Special Event Rentals - children's parties, staff parties, etc.
- Event hosting

The two community arenas will house recreational opportunities such as:

- Prince Albert Minor Hockey Association
- Prince Albert Skating Club
- Prince Albert Speed Skating Club
- Prince Albert Adult Recreation Hockey Leagues
- Prince Albert Ringette Association
- Utilized by the Catholic and Public School Divisions
- Public Skating Sessions
- Host various hockey and ice event tournaments and shows
- Availability in the future for summer ice rentals and summer power skating camps

The City operates a variety of different opportunities and programs for residents and surrounding communities. These services are delivered to a City population of 37,756 (2021), metro area of 45,718 (including surrounding RMs) and a regional market of approximately 100,000. While the delivery of community services involves multiple partners and players in Prince Albert, it is the City that assumes the single largest role.

A recreational pool goes beyond the idea of having fitness and instruction. Swimming is a life skill activity offering recreation opportunities for all ages. The combination of an aging population, longer life expectancy, and increased interest in fitness is expected to result in a steady growth of swimming activity and the demand for water-based activities is expected to remain high or increase as the aging population seeks fitness and leisure opportunities, which are less stressful than activities such as jogging or aerobics.

CONSULTATIONS:

In addition to the Project Team (City Manager, Director of Public Works, Director of Community Services, Manager of Capital Projects, Recreation Coordinator), the Design Team of Group 2 & MJMA Architects consisted of 17 professional architects and engineers. Together they have designed 75 pools and 100 rinks. Consultations took place with the Planning Department on

subdivision, zoning, building permits, development permits, and building code compliance.

Consultation also took place with the potential users groups such as; Prince Albert Sharks Speed Swimming Club, Prince Albert Pikes Artistic Swimming Club, Prince Albert Minor Hockey, Prince Albert Skate Club.

Consultation also was through regularly scheduled meetings of the Aquatic and Arenas Recreation Steering Committee consisting of the Mayor, three Councillors and two members of the Public.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Through Provincial Government Relations Department the City has been and will continue to coordinate any and all public notices and media releases of the milestones of the project for both the Federal and Provincial Governments.

Upon award two large 10ft x 16ft billboard signs will be erected on the site. The first sign will in accordance with the Federal Funding Agreement acknowledge the \$60 Million in funding from the Federal, Provincial and Municipal Governments. The second sign will be a rendering of the new facility and acknowledge the City of Prince Albert, AECOM, Group 2, MJMA and Graham Construction.

FINANCIAL IMPLICATIONS:

On May 4, 2022 lumps sum prices were received and kept confidential until May 5 when alternate prices and breakout prices for each discipline were also submitted by sealed bid. Three bid were received with the following prices:

Graham Construction	\$105,268,000
PCL Construction	\$113,495,000
Wright Construction	\$106,467,000

The low bid is Graham Construction. Their Alternate pricing submitted on May 5, 2022 are as follows:

Alternate	Name of Addition or Deletion	Price	Recommend
#1	Delete Exposed Arena Header and Mains Trench	-\$ 64,000	No
#2	Add Exterior Pole Mounted Light Fixtures	+\$130,000	No
#3	Add Exterior Facade Illuminating Colored Lights	+\$120,000	No
#4	Delete Emergency Generator	-\$ 72,000	No
#5	Add Arenas Service Courtyard Fence	+\$575,000	No
#6	Add Operable Partition in Multi-purpose room	+\$ 57,000	No

#7	Add Tyndal Stone Feature Wall in Lobby	+\$264,000	No
#8	Add Arenas 2 nd Level Epoxy Floor Coating	+\$ 84,500	No
#9	Delete Liquidated Damages Clauses	+\$ 0	No
#10	Revise Bid Acceptance and Award to 30 days	-\$130,000	No
#11	Revise Foundation Design Factor of 0.6	-\$567,000	Yes
	Separate #1 Add Price for Two Pile Load Test	<u>+\$110,000</u>	Yes
Total Cost of Recommended Alternates		-\$457,000	

Low bidder Graham has noted in their secondary submission that they have some potential ideas that have the possibility to save upwards of 10% or \$10,568,800. This would have to come from a detail investigation to see exactly what these saving entails.

The tender information along with the alternate and separate prices were brought to the AARP Steering Committee for review. From the meeting the following recommendations were made:

1. That the City Manager and the Mayor meet with Provincial and Federal Ministers responsible for the Investing in Canada Infrastructure Program to request additional funding due to inflationary costs out of our control.
2. That the City Administration meet with the Architects and the low bidder Graham Construction to review the tender cost item by item, try to determine what is causing the largest inflationary costs and try to find alternates to reduce cost without compromising the integrity of the facilities ability to delivery programs set by Council.
3. That once the above meeting are completed that finding are reported back to the Aquatic & Arenas Steering Committee for review.

Administration and AECOM Project Manager met with Group 2 & MJMA design team and the low bidder Graham Construction to find further value engineering cost savings. The Graham came up with a list of 106 possible items for consideration. Four main criteria were considered for each item:

- Does it impact programing?
- Does it impact operations?
- Does it impact maintenance?
- Does it save construction cost?

Initially 21 items would compromise the integrity of the facilities ability to deliver programs and had to be rejected. 8 items made logical sense, passing all criteria and were accepted immediatly. This left 77 items for consideration. The Team met 3 times over 3 weeks, each time reviewing further gathered detailed information and their impact on the project. It must be said that everyone cooperated, working together for the betterment of the project. No stone

was left unturned. In the end 49 items were accepted. The list of accepted items are presented below with a total estimated value engineering cost savings to the project of \$6,672,900.

Item	Description	Savings
<u>Reviewed Cost Savings</u>		
1	Water Costs for pool testing paid by City of PA.	25,000
2	Precast - Revise the design of the exterior finish to a flat panel.	120,000
3	Remove the concrete dive towers. Use Paragon Diving Towers.	54,000
4	Revise the picket detail on the 2nd floor lobby railing.	55,000
5	Delete drywall features to lobby finishes at skylight.	15,000
6	Change the lobby flooring from porcelain tiles to sealed concrete.	110,000
7	Change aluminum base to standard cove rubber base at all locations.	20,000
8	Remove waterproofing in the epoxy flooring where unnecessary.	3,000
9	Revise finish coat on steel studs in pool from Z275 to Z180 galvanized coating.	17,000
10	Change the waterslide specification to an open product selection.	99,000
11	Change the spec on the specialty pool tiles from Gail to Agrob Buchtal	31,000
12	Change the pool grating model EMCO 724 to EMCO 760	10,000
13	Revise hydronic & domestic piping to Pex/Hpex piping for 1" and down	18,000
14	Revise air handling equipment to alternate supplier.	1,100,000
15	Revise controls contractor to DMA Controls.	540,000
16	Revise fire protection scope specification from stainless steel pipe.	270,000
17	Revise copper conductors to aluminum conductors for feeds 100A & larger	185,000
18	Remove requirements for 27 20 00 Network components	75,000
19	Revise the light fixtures over the rink surfaces.	100,000
20	Option to replace the landscape grass plantings with smaller grass plugs.	16,000
21	Remove the costs for the temporary dryland seeding to 60,600 m2.	40,000
22	Use asphalt paths in lieu of the concrete sidewalks in park	39,000
23	Earthwork savings to lower the entire site by 0.3 m	167,000
24	Paint coating of structural steel in arena to remove epoxy, use typical paint	230,400
25	Change the interior metal liner cladding to perforated metal corrugate cladding.	520,000
29	Revise the skylight to decrease the skylight in the main lobby.	45,500
30	Revise 3 mm aluminum flashing to 2 mm or 1.3 mm.	34,000
33	Expected savings in the glass & glazing revisions	300,000
34	Revise the aluminum finish to #17 clear anodized in lieu of Duranar XL	Incl in 33
35	Revise windows ESC006,007,009 to use 2 sided SSG system	Incl in 33
36	Add horizontal mullions to sealed unit sides ESC001,005,008,011 and 014	Incl in 33
37	Provide sealed units with Low E on interior windows	Incl in 33
38	Revise interior curtainwall windows to a bottom rail to allow for deflection	Incl in 33
39	Revise exterior glazing systems to more economical products	Incl in 33
31	Revise 4 sided SSG to Vertical SSG	180,000
32	Revise Phantom aluminum doors to thermally broken doors	2,000

40	Revise the silicone air barrier transition membrane to 3M 3015 membrane	38,000
41	Change the wood ceilings from Atkar product to Geometrik product	1,500,000
42	Remove redundant pumps and associated piping, valves, strainers.	58,000
43	Change chlorine feed system from tablets to a bulk liquid chlorine feed.	21,000
46	Remove the 5 yr agreement on the UV system maintenance.	14,000
47	Modify splash pad feature pump from 1 large pump to 2-3 smaller pumps.	14,000
48	Change the arena Cimco refridge system to open spec.	540,000
49	Remove the concrete encasement of the ductwork under the slab	<u>67,000</u>

Costed Savings Total: 6,672,900

* Note that all above items and pricing are assembled for discussion purposes only.
Final pricing will vary depending on final designs and items selected.

Class A Post Tender Cost Budget June 2, 2022

Design & Fit-up Costs

Project Manager Fees	\$ 398,578
Design Fees (based on \$85M)	\$ 4,906,796
Sudries to date	\$ 5,491
Equipment Fit-up & Furniture	\$ 2,500,000
Sub Total	\$ 7,810,865

Construction Costs

Aquatic & Arenas Building	\$105,268,000
Alternates & Separate Prices	\$ -457,000
Value Engineering Items	\$ -6,672,900
Estimating Contingency (2.0%)	\$ 1,962,762
Sub Total	\$100,100,862

Taxes

PST spent to date	\$ 88,937
PST (6.0%)	\$ 5,888,286
Sub Total	\$ 5,977,223

Total Class A Cost Budget \$113,888,950

OTHER CONSIDERATIONS/IMPLICATIONS:

There no policy, private, official community plan, other considerations or implications.

STRATEGIC PLAN:

Acting and Caring Community – Development of a new Aquatic Centre and a new Arena.

OPTIONS TO RECOMMENDATION:

There are not good options to the recommendation.

Option #1.

Don't Award and re-design to reduce the building cost. To actual make enough of a difference would require major sacrifices the buildings facilities such as was offered as an option back in February 2020. This would require an expensive redesign, compromise the facilities ability to fulfill the programs it was intended for and be forever faced with criticism for the items deleted.

Options #2.

Don't Award and re-tender to get a better price. Contract law would require the City to wait one full year so as not to be accused of price fishing. Based on the inflationary trends of the Consumer Price Index and the Bank of Canada announced intentions to increase lending rates, it is unclear whether the price will be lower in one year, economic indicators point to higher prices in one year while recent US Federal Reserve point to stability in one year. Also to note that the project was designed to the latest 2015 National Building Codes. Soon the new 2020 National Building Codes are soon going to be adopted. This new code has major changes to the Energy Codes that will make all building construction more expensive, which the City would then have to comply with.

Option #3.

Don't Award and cancel the project. This will put the \$44 Million Federal and Provincial funding agreement in jeopardy. With the return of the funds to the upper Governments the City would now be responsible for the entire cost thus putting the project out of reach permanently.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

PRESENTATION: Verbal Presentation by Wes Hicks, Director of Public Works

Written by: Director of Public Works

Approved by: Director of Public Works & Director of Community Services & City Manager

RPT 22-253

TITLE: Updated Funding for Aquatic and Arenas Recreation Centre – June 2022

DATE: June 7, 2022

TO: Executive Committee

PUBLIC: X

INCAMERA:

RECOMMENDATION:

1. That Administration proceed with the borrowing of an additional \$30.0 million dollars in Year 2023 for the construction of the Aquatic and Arenas Recreation Centre.
2. That Administration increase the City's debt limit to \$120,000,000.
3. That the External Capital Financing in the amount of \$3,997,443.40 be re-allocated to fund the construction costs of the Aquatic and Arenas Recreation Centre.
4. The the taxation from the Yard Development fund the remaining costs of the principle and interest payments for the borrowing of the additional funds not funded from the Civic Facilities Levy annually.

TOPIC & PURPOSE:

To consider a proposed updated funding model for the Aquatic and Arenas Recreation Centre in regards to the approval for the award of tender for the construction of the Aquatic and Arenas Recreation Centre.

BACKGROUND:

The previous funding decisions and total spending to date are attached for reference purposes.

In December 2021 the inflation rate was 4.8%. This was followed by January inflation of 5.1%, February at 5.7%, March 6.7% and April at 6.8%. This is the highest inflation rate since 1991.

Bid prices are in for the construction of the new Aquatic and Arenas Recreation Centre and the lowest bid is 35% above the pretender estimate for the facility. As noted above, inflationary pressures, which are outside our control, have driven costs up substantially bringing the total project cost to \$113.8 million. This cost includes all design fees, project management costs, project contingency, equipment and furniture and \$6 million in PST.

The recommendation to City Council, in a separate report, is to award the Contract for Construction of the Aquatic & Arenas Recreation Centre to Graham Construction LP of Saskatoon for \$105,268,000 plus applicable GST & PST taxes.

PROPOSED APPROACH AND RATIONALE:

This revised funding model continues to include no increase in property taxes to fund the new facility by taking the following steps:

- Borrowing of additional funds in the amount of \$30 million;
- Securing \$24 million in external dollars through provincial and federal funding and fundraising initiatives; and,
- Utilizing property tax revenues from the Yard Development and the Civic Facilities Reserve to pay annual financing payments.

In addition the funding model allows the City to proceed with the construction of the Aquatic and Arenas Recreation Centre as planned, retaining all key features of the facility. On the Aquatics side this includes an 8 lane 25 meter competitive pool, 200 spectator seats, combined leisure, splash and wave pool, lazy river; two water slides and whirlpool. On the arenas side this includes 2 NHL size 200ft x 85ft rinks, seating for 366 in one rink and 608 in the other rink, player dressing rooms totaling 6,720 square feet and referee dressing rooms totaling 800 square feet.

In the attached proposed funding model spreadsheet the costs and funding are broken down as follows:

Costs:

- Architectural Fess and Project Management Fees
- Construction Fees as per Tender plus applicable 6% PST
- Equipment Fit Up & Furniture
- 2% Contingency

Funding:

- Annual Civic Facilities Levy Funding of \$1,541,000 (*For Year 2022, the levy funds are committed to the Architectural Fees for the Entertainment Centre*)
- Federal Government Contribution of \$24,000,000 as per the Ultimate Recipient Agreement
- Provincial Government Contribution of \$19,998,000 as per Ultimate Recipient Agreement
- Financing Loan in the amount of \$16,002,000 as per Ultimate Recipient Agreement
- New Financing Loan in the amount of \$30,000,000
- External Funding in the amount of \$24,000,000
- Yard Development – estimated taxation revenue

The two annual interest and principle payments for the Financing Loans are included in the funding model.

The City Manager and the Mayor are continuing to meet with Provincial and Federal Ministers responsible for the Investing in Canada Infrastructure Program to request additional funding due to inflationary costs out of our control. At this time, there is no update if the Investing in Canada Infrastructure Program will provide additional funds. However, they are aware of the pressure rising costs are placing on infrastructure projects.

Additional Borrowing of \$30.0 million

This proposal includes the additional borrowing of a loan in the amount of \$30,000,000 in Year 2023 to fund the construction costs of the Aquatic and Arenas Recreation Centre. The borrowing is required to provide the funding for the construction costs in that year. This would bring the total borrowing for this project to \$46.0 million.

The annual interest and principle payment for the borrowing of an additional \$30.0 million is \$1,489,408.58 annually. That is projected on the same terms of the borrowing of \$16.0 million – interest rate of 3.45% for 35 years.

The revenue collected annually from the Capital Projects Levy will fund the loan payments with a shortfall of \$742,760:

Capital Projects Levy	(\$1,541,000)
Less \$16.0 million Loan Payment	\$794,351
Less New Loan for \$30.0 million	\$1,489,409
Shortfall in Funding – Aquatic and Arenas Recreation Centre	\$742,760

Anticipated taxation revenue generated from the Yard Development will provide the funding necessary to cover the shortfall noted above and will eliminate any tax increase to property tax payers of the City.

City's Debt Limit

With the borrowing of the additional fund for the construction of the Aquatic and Arenas Recreation Centre, Council needs to approve an increase to the City's Debt Limit from \$75.0 million to \$120.0 million.

External Funding

External funding in the amount of \$24 Million dollars is made up of the following:

- Re-allocation of external funding; and,
- Fundraising Initiatives.

The proposed re-allocation of external funding in the amount of \$3,997,443.40 will be achieved as follows:

Maturing Loan Payment

At the end of 2024, the loan for the Water Treatment Plant (WTP) Upgrades will be fully paid. The budget previously allocated for this loan payment is proposed to be re-allocated to fund the **annual \$635,630 payment** for the Raw Water Pump House (RWPH) Project, beginning in 2025.

The annual loan payments are as follows:

Water Treatment Plant Upgrades - Loan Payment Annually	\$718,523
New Raw Water Pump House - Loan Payment Annually	\$635,630
Savings in annual Utility Fund Budget	(\$82,893)

Re-allocation of External Funding

The Canada Community-Building Fund Program (previously identified as the Gas Tax Fund) has allocated the remaining funds from the Municipal Gas Tax Fund Agreement Program **to the end of the term March 30, 2024** to the Raw Water Pump House (RWPH) Project and the Marquis Road West Extension – Roadway Construction.

As such, Council can re-allocate the below remaining External Capital Financing borrowed to fund the construction costs of the Aquatic and Arenas Recreation Centre:

CCBF March 2022 Payment	\$1,110,113.40
CCBF August 2022 Payment	\$1,110,113.40
CCBF March 2023 Payment	\$1,110,113.40
CCBF August 2023 Payment	\$1,153,224.60
CCBF March 2024 Payment	\$1,153,224.60
2022 Interest for Loan RWPH	(\$368,086.00)
2023 Loan Payment for RWPH	(\$635,630.00)
2024 Loan Payment for RWPH	(\$635,630.00)
External Financing Available	\$3,997,443.40

As such, this report is recommending that the External Capital Financing in the amount of \$3,997,443.40 be re-allocated to the construction costs of the Aquatic and Arenas Recreation Centre.

CONSULTATIONS:

Financial Administration has consulted with the City Manager, Chairperson of the Aquatic Steering Committee, and the Director of Public Works regarding the proposed funding model for the Aquatic and Arenas Recreation Centre.

The Funding Model was presented to the Aquatic and Arenas Project Steering Committee for support.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

A media release has been prepared and released on June 7, 2022, to summarize the construction costs and the funding plan.

If the recommendations are approved by City Council, the project website will be updated with details of the funding plan.

FINANCIAL IMPLICATIONS:

The funding plan for this project, as outlined within this report, meets the needs of our community without tax increases during this time of high inflation. This project is overdue, as our existing facilities are over 40 and 50 years old.

With the additional borrowing of \$30,000,000 in 2023, the City's total borrowing will be approximately \$97.0 million, which includes the line of credit.

The City's current Debt Limit is \$75,000,000. The City is ranked #12 for Debt Limit per Capita when compared to Saskatchewan Municipalities.

Ranking	City	2021 Population (a)	Approved Debt Limit (b)	Approved Debt Limit per Capita (b/a)
1	Swift Current	16,750	\$ 110,000,000	\$ 6,567
2	Estevan	10,851	\$ 55,000,000	\$ 5,069
3	Lloydminster	31,582	\$ 133,456,619	\$ 4,226
4	North Battleford	13,836	\$ 55,000,000	\$ 3,975
5	Martensville	10,549	\$ 40,000,000	\$ 3,792
6	Moose Jaw	33,665	\$ 95,000,000	\$ 2,822
7	Yorkton	16,280	\$ 40,542,000	\$ 2,490
8	Humboldt	6,033	\$ 15,000,000	\$ 2,486
9	Melville	4,493	\$ 10,000,000	\$ 2,226
10	Saskatoon	266,141	\$ 558,000,000	\$ 2,097
11	Regina	226,404	\$ 450,000,000	\$ 1,988
12	Prince Albert	37,756	\$ 75,000,000	\$ 1,986
13	Warman	12,419	\$ 20,000,000	\$ 1,610
14	Meadow Lake	5,322	\$ 8,293,096	\$ 1,558
15	Weyburn	11,019	\$ 16,300,000	\$ 1,479
16	Melfort	5,955	\$ 8,000,000	\$ 1,343

With the increase to \$120,000,000, that will move the City to be ranked #6 for Debt Limit per Capita:

Ranking	City	2021 Population (a)	Approved Debt Limit (b)	Approved Debt Limit per Capita (b/a)
1	Swift Current	16,750	\$ 110,000,000	\$ 6,567
2	Estevan	10,851	\$ 55,000,000	\$ 5,069
3	Lloydminster	31,582	\$ 133,456,619	\$ 4,226
4	North Battleford	13,836	\$ 55,000,000	\$ 3,975
5	Martensville	10,549	\$ 40,000,000	\$ 3,792
6	Prince Albert	37,756	\$ 120,000,000	\$ 3,178
7	Moose Jaw	33,665	\$ 95,000,000	\$ 2,822

OTHER CONSIDERATIONS/IMPLICATIONS:

There are no policy, privacy, or official community plan implications at this time.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

STRATEGIC PLAN:

Sustainable Growth – The City will anticipate, encourage and prepare for growth and be responsible to the needs of the community with additional parking at the Entertainment District.

Infrastructure – The City will create infrastructure that supports growth while planning for continuous improvement.

Acting and Caring Community – Development of a new Aquatic Centre and a new Arena.

Fiscal Management & Accountability – Investigate innovative revenue sources to reduce reliance on residential property taxes.

PUBLIC NOTICE:

Public Notice pursuant to the Public Notice Bylaw No. 24 of 2015 is not required.

PRESENTATION: Verbal by Briane Vance, Finance Manager

ATTACHMENTS:

1. Revised Funding Model for the Construction of the Aquatic and Arenas Recreation Centre
2. Previous Funding Decisions and Total Spending Year to Date

Written by: Briane Vance, Finance Manager

Approved by: Sherry Person, City Manager

	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	TOTAL
COSTS FOR RECREATION PROJECT							
Architectural Fees and Project Management Fees	\$794,417.09	\$1,682,139.88	\$1,411,327.90	\$800,670.25	\$711,247.14		\$5,399,802.25
Construction - Tender			\$30,703,166.29	\$45,504,100.00	\$21,930,833.71		\$98,138,100.00
PST at 6%			\$1,842,189.98	\$2,730,246.00	\$1,315,850.02		\$5,888,286.00
Equipment Fit Up & Furniture					\$2,500,000.00		\$2,500,000.00
Contingency - 2%					\$1,962,762.00		\$1,962,762.00
TOTAL FEES	\$794,417.09	\$1,682,139.88	\$33,956,684.17	\$49,035,016.25	\$28,420,692.87	\$0.00	\$113,888,950.25
FUNDING FOR RECREATING PROJECT							
Civic Facilities Reserve	(\$211,871.04)		(\$171,640.00)	(\$983,000.00)	(\$1,541,000.00)	(\$2,099,000.00)	(\$5,006,511.04)
40% Federal Government	(\$317,766.84)	(\$672,856.21)	(\$13,582,673.67)	(\$7,026,703.28)	(\$2,400,000.00)		(\$24,000,000.00)
33.33% Provincial Government	(\$264,779.22)	(\$560,655.73)	(\$11,317,762.83)	(\$5,855,002.22)	(\$1,999,800.00)		(\$19,998,000.00)
26.67% City Funding - \$16.0 million		(\$448,627.94)	(\$9,056,247.67)	(\$5,860,000.00)	(\$569,124.39)	(\$68,000.00)	(\$16,002,000.00)
City's Borrowing of Funds				(\$30,000,000.00)			(\$30,000,000.00)
External Funding					(\$24,000,000.00)		(\$24,000,000.00)
<u>Interest and Loan Payments</u>							
Loan Payment - \$16.0 million				\$794,351.25	\$794,351.25	\$794,351.25	\$2,383,053.75
2021 Interest Payment			\$201,640.00				\$201,640.00
Loan Payment - \$30.0 million					\$1,489,408.58	\$1,489,408.58	\$2,978,817.16
Yard Development - Anticipated Taxation			(\$30,000.00)	(\$105,000.00)	(\$200,000.00)	(\$200,000.00)	(\$535,000.00)
TOTAL FUNDING	(\$794,417.09)	(\$1,682,139.88)	(\$33,956,684.17)	(\$49,035,354.25)	(\$28,426,164.56)	(\$83,240.17)	(\$113,978,000.12)
VARIANCE	\$0.00	\$0.00	\$0.00	(\$338.00)	(\$5,471.69)	(\$83,240.17)	(\$89,049.87)
							(\$89,049.87)

Previous Funding Decisions

Loan Financing

On June 29, 2020, Council approved the borrowing of funds as follows:

“That Administration proceed with the borrowing of funds for the City’s portion of the \$16,000,000 to construct the New Aquatic and Arenas Recreation Centre.”

Ultimate Recipient Agreement

On September 21, 2020, Council approved the execution of the Ultimate Recipient Agreement – Investing in Infrastructure Program Funding – New Aquatic and Arenas Recreation Centre as follows:

“That the total eligible expenditure of \$60,000,000 approved for the Project, be funded as follows:

- a. Federal Government’s contribution will not exceed forty percent (40%), which equates to \$24,000,000;
- b. Provincial Government’s contribution will not exceed thirty-three point thirty-three percent (33.33%), which equates to \$19,998,000; and,
- c. City of Prince Albert’s contribution will be twenty-six point sixty-seven percent (26.67%), which equates to \$16,002,000.”

Award for Detailed Design

On September 21, 2020, Council approved the award for detailed design as follows:

- “1. That the Professional Architectural Agreement for the Detailed Design of the new Aquatic and Arenas Recreation Centre be awarded to Group 2 Architecture Interior Design Ltd. in partnership with MJMA Architects for an estimated cost of \$3,593,102, plus applicable taxes;
2. That the Architectural Design Fees for the year 2020 be funded from the Civic Facilities Reserve;
3. That the architectural fees after year 2020 be funded from the overall funding received federally, provincially and the City’s \$16,000,000 borrowing.”

Project Management Services

On September 21, 2020, Council approved project management services as follows:

- “1. That the Project Management Services for the new Aquatic and Arenas Recreation Centre be awarded to AECOM Canada Ltd. in the amount of \$398,578, plus applicable Goods and Services Tax;
2. That the Project Management Services oversee the entire design and construction of the Aquatic and Arenas Recreation Centre over the term of the project to March 2023;
3. That the Project Management Services fees to be paid to AECOM Canada Ltd. for the Year 2020 be funded from the Civic Facilities Reserve;
4. That any additional fees over the amount of \$398,578, be paid conditional upon pre-approval by the City Manager.”

Increase to City’s Debt Limit

On August 16, 2021, Council approved an increase to the City’s Debt Limit from \$65,000,000 to \$75,000,000 as follows:

“That Administration be authorized to proceed with an application to the Saskatchewan Municipal Board for a \$10,000,000 increase to the approved debt limit.”

The City received approval from the Saskatchewan Municipal Board Local Government Committee on September 30, 2021 for the debt limit increase to \$75,000,000.

Civic Facilities Reserve

The Civic Facilities Reserve is funded from a Capital Projects Taxation Levy collected annually and intended to pay for the planning and construction of future City owned facilities.

The Civic Facilities Reserve in Year 2020 funded the two costs as follows based on the ratio of City at 26.67% of the costs:

AECOM Canada Ltd. - Project Management Services	\$9,778.85
Group 2 Architecture Interior Design Ltd.	\$202,092.19
	\$211,871.04

Capital Projects Levy Revenue

For Year 2022, it is budgeted that the levy to be collected will total revenue in the approximate amount of (\$1,541,000).

Previously Council approved borrowing of funds in the amount of \$16.0 million, which was borrowed in early 2022.

The annual interest and principle payment for the borrowing of \$16.0 million is \$794,351 annually.

Capital Projects Levy	(\$1,541,000)
Less \$16.0 million Loan Payment	\$794,351
Remaining Capital Projects Levy Funding	(\$746,649)

On February 7, 2022, Council approved the following recommendation to fund the shortfall of the 2022 Operating Budget as follows:

“\$201,640 savings from unspent Long Term Debt Interest budgeted for the Arenas and Aquatic Centre Loan.”

Total Spending Year to Date

The total spending year to date is as follows for the Aquatic and Arenas Recreation Centre, excluding the land acquisition costs:

<u>Year 2020 Costs</u>	
Project Management	\$36,666.11
Architectural Services	\$757,750.98
Total 2020 Costs	\$794,417.09
<u>Year 2021 Costs</u>	
Project Management	\$56,300.15
Architectural Services	\$1,625,023.53
PA Markit Signs	\$816.20
Total 2020 Costs	\$1,682,139.88
<u>Year 2022 Costs to Date</u>	
Project Management	\$43,648.04
Architectural Services	\$369,252.68
PA Markit Signs	\$4,674.60
Total 2020 Costs	\$417,575.32
TOTAL COSTS YTD (May 2022)	\$2,894,132.29

As the architectural fees are related to the tender construction cost, there will be an adjustment to the architectural fees once the negotiated reduced tender price is finalized. This report is including an additional estimated cost of \$1,313,694 excluding PST due to the increased cost of the construction tender.