

Staff Report



To	Committee of the Whole
Service Area	Infrastructure, Development and Enterprise Services
Date	Monday, October 5, 2020
Subject	South End Community Centre Project Update

Recommendation

1. That the South End Community Centre as presented in Report 2020-141 dated October 5, 2020 be approved at a cost of \$80 million and reflected in the 2021 capital budget.
2. That construction begin in 2022 and any change in capital cost, resulting from final site plan, early competitive procurement processes and considerations of impacts of COVID on facility and programming design, be included in the 2022 capital budget.
3. That staff be directed to phase-in the estimated annual operating cost of \$2.4 million as part of the 2021-2024 operating budget and forecast.

Executive Summary

Purpose of Report

To provide an update and seek approval on construction timing and budget for the South End Community Centre project.

Key Findings

Since early 2018, staff has been actively working through the design development phase of the South End Community Centre (SECC) project with MacLennan Jaunkalns Miller Architects (MJMA).

The design has been through a number of site plan approval stages, including a key milestone for the required parking variance in August 2019. The project is in the final stages of site plan approval with final site plan sign off expected by end of 2020.

Project elements to address environmental sustainability and mitigate climate change impacts support the Sustaining Our Future pillar of the City's Strategic Plan. To align with the City's Community Net Zero Carbon and Corporate 100% Renewable Energy (100RE) plans, MJMA was directed to ensure the design met the Canada Green Building Council's (CaGBC) Leadership in Energy and Environmental Design® (LEED) Silver Standard, and further, reduce energy and climate change impacts by designing to the CaGBC Zero Carbon Building (ZCB) Design Standard.

Upon Council approval, staff will proceed with a comprehensive tender package, including pre-qualifying the major trades and general contractors prior to its

release. Construction mobilization is intended to begin in late spring 2022 with an anticipated two year construction period and a tentative opening in fall 2024. Due to the proximity of the construction site to the South End Community Park, it is anticipated that this park and its amenities, including Larry Pearson Ball diamonds, tennis courts, splash pad and playground, will not be accessible to the public during 2022 and most likely 2023. Staff will work with user groups to relocate requests to other city facilities. In the event that safe access and appropriate parking become available, staff will endeavor to open the park earlier while work continues inside the building.

COVID-19 has required staff to pause and consider the long-term social impacts of the pandemic on our service provision. The original plan for this facility was to seek approval to begin construction in 2021 with an opening in 2023; however, in order to understand the impact of COVID on the facility and programming design which also may impact cost and revenue estimates, a pause of one year is being recommended. Over the course of 2021, staff will review the impact of COVID-19 on this design and make the appropriate changes to meet the health and safety concerns of our staff and the community in the new world of recreation programs and services.

Financial Implications

The SECC is a growth-necessitated project and is justified based on previous master planning documents and facility needs assessment. For this reason, the capital cost is over 85 per cent development charge funded.

The SECC capital budget estimate for constructing the facility in 2022 is \$80 million which is approximately \$12 million higher than the last estimate included in the capital budget for the following reasons:

- Investment in building envelope construction for energy conservation, use of energy efficient equipment consistent with Net Zero Carbon initiatives, incorporation of renewable energy infrastructure for environmental sustainability and mitigating climate change impacts contributing approximately \$6.5 million
- Refinement in cost estimates based on finalized site and building detailed design elements contributing \$1.7 million
- Refinement in equipment, communication, IT and security costs contributing \$1 million
- Additional construction contract administration costs of \$800,000
- Public art inclusion of \$400,000
- General capital cost inflation from original plan \$1.6 million.

The capital cost of the SECC facility will continue to be refined through 2021 subject to final site plan impacts, early competitive procurement processes and considerations of impacts of COVID on design. Any changes in the capital budget resulting from these final steps will be included in the 2022 capital budget.

There is a tax supported capital cost of approximately \$11.2 million for this facility that is planned to be accommodated within current City capital funding strategies for growth, infrastructure renewal and 100RE. Staff are encouraged that the new Community Benefit Charge (CBC) may be a funding source for the public art component.

The changing DC and CBC legislation may also reduce the tax supported impact of this project as the mandatory 10 per cent reduction in the development charge

calculation has been removed effective with the next DC Study planned for late 2021. Transitional implications are still yet to be understood as staff await the provincial regulation. Given these uncertainties, the refined funding allocation will be included in the 2022 capital budget.

As included in previous debt forecasts, this facility is planned to be debt-financed (net of any development charges collected to date) as it is the most appropriate financing to ensure inter-generational equity for long-term facility assets. This debt has been planned for many years and is within the City's debt capacity limit. The debt will be funded by both development charges and tax supported sources as described above.

The net operating impacts for the facility are currently estimated to be \$2.4 million; this is a full-life cycle budget figure. Operating costs of growth-related capital should be financeable within assessment growth property tax revenue, having a zero per cent impact on the tax levy. For this reason, staff recommend phasing-in the operating cost of this facility over four years, ensuring annual property tax assessment growth revenues are utilized over this period.

Report

In 2014, a detailed south end recreation facility needs assessment and feasibility study was completed, confirming that a new multi-use recreation facility remains a priority for the City of Guelph city-wide, and for this geographic area specifically.

Approximately one-quarter of Guelph residents live in the city's south end, an area that has seen steady residential and commercial growth since the early 2000s. This trend is expected to continue as the secondary plan for the Clair-Maltby area—the last unplanned 520 hectares of Greenfield land in Guelph—moves forward. Benefits of municipal recreation and parks services are well documented. Recreational infrastructure is known to strengthen a community and improve the quality of life, and it further serves as a visitor and sport tourism destination, contributing to the local economy. This facility will improve access to recreational and municipal services in an underserved area of the city and will balance the City's recreational infrastructure providing north, south, east and west community hubs.

Since early 2018, staff has been actively working through the design development phase of the South End Community Centre (SECC) project with MacLennan Jaunkalns Miller Architects (MJMA).

The proposed 15,000 square-metre community centre will feature the following amenities:

- a twin pad fully-accessible arena and change rooms
- an aquatic complex consisting of a 25 metre eight lane lap pool and teaching pool with open and enclosed viewing areas, along with a large universal change room
- a double gymnasium with ample seating, storage and change rooms
- multi-use program and meeting space throughout the facility for programs and rental activities
- an indoor walking track that will provide a variety of passive and active program opportunities
- a warm-up area for facility participants to stretch and jog
- a centrally-located customer service area, administration and operational spaces

The design has incorporated an open space model that provides viewpoints into the activity areas. In addition, the entrance and back courtyard provides natural light and access to the nearby community park and its outdoor amenities.

Guelph recognizes that public art plays an important role in building vibrant communities and contributing to cultural identity. Artworks are located in various municipally-owned indoor and outdoor public spaces throughout the city. These works enrich the landscape, stimulate thought and serve as landmarks for gathering spaces.

The investment in public art at the South End Community Centre provides an opportunity to attract tourism and community attention, encourages city pride for residents and bolsters Guelph's reputation as a city of culture. The commissioning of public art will proceed as the project moves forward.

The facility design has been through a number of site plan approval stages, including a key milestone for the required parking variance in August 2019. The project is in the final stages of site plan approval with final site plan sign off expected by end of 2020.

The project elements of environmental sustainability and mitigating climate change impacts support the Sustaining Our Future pillar of the City's Strategic Plan. To align with the City's Community Net Zero Carbon and Corporate 100% Renewable Energy (100RE) plans, MJMA was directed to ensure the design met the Canada Green Building Council's (CaGBC) Leadership in Energy and Environmental Design® (LEED) Silver Standard, and further reduce energy and climate change impacts by designing to the CaGBC Zero Carbon Building (ZCB) Design Standard.

Energy modelling and iterative design methods were employed to ensure meaningful long-term strategies were incorporated into the facility design. Specific strategic initiatives include:

- Conserving energy by investing in the building envelope
 - Optimized window-to-wall ratios maximizing daylight opportunities while using building shading and window orientation to reduce solar heat gains and associated cooling loads
 - Thermally sound foundation, roof, walls and windows with insulation and air tightness that considerably exceeds building code requirements
- Using cleaner fuels and energy efficient equipment
 - Use only non-fossil fuel based regularly operating equipment (the only fossil fuel fired equipment in the design is the back-up generator for emergency operation)
 - Air source heat pumps used to efficiently heat and cool the building while dramatically reducing direct GHG emissions
 - Use of electric ice resurfacers instead of fossil fuel powered resurfacers
 - Recover waste heat from ice arena equipment and pool operating equipment for all aspects of building operation including space heating, water heating, dehumidification and other heating uses within the facility
- Generating renewable energy to offset energy use and energy cost
 - Solar-ready design with a photovoltaic array of at least 135 kW capacity and capable to generate over 150 MWh annually. This is enough to power 16 homes

Energy use intensity (EUI) and greenhouse gas intensity (GHGI) are performance indicators of energy and carbon emission performance. These indicators take the overall energy use and associated greenhouse gas emissions of the facility and divide it by the total building area (measured in kWh/m² and kgCO₂e/m² respectively). There are significant reductions in EUI and GHGI when comparing the SECC Zero Carbon Building design to the LEED Silver Standard design.

This is a Tier-1 capital project being managed by the Facilities and Energy Management department in accordance with the organization's Project Management Office processes for the management of the corporation's complex capital projects. For this reason, ongoing project updates can be found on the [City's website](#) so the public and Council can follow the progress over the next four years.

Milestones

Upon Council approval of the 2022 budget, staff will proceed with a comprehensive tender package, including pre-qualifying the major trades and general contractors prior to its release. Construction mobilization is intended to begin in late spring 2022 with an anticipated two year construction period and a tentative opening in fall 2024.

Due to the proximity of the construction site to the South End Community Park, it is anticipated that this park and its amenities, including Larry Pearson Ball diamonds, tennis courts, splash pad and playground, will not be accessible to the public for 2022 and most likely 2023. Staff will work with user groups to relocate requests to other city facilities. In the event that safe access and appropriate parking become available, we will endeavor to open the park earlier while work continues inside the building.

Staff will also be working closely with the Wellington Catholic District School Board to provide reduced temporary parking spaces, safe from the construction site, while the permanent shared parking area is being created.

Financial Implications

The SECC is a growth-necessitated project and is justified based on previous master planning documents and facility needs assessment.

The SECC capital budget estimate for constructing the facility in 2022 is \$80 million which is approximately \$12 million higher than the last estimate included in the capital budget for the following reasons:

- Investment in building envelope construction for energy conservation, use of energy efficient equipment consistent with Net Zero Carbon initiatives, incorporation of renewable energy infrastructure for environmental sustainability and mitigating climate change impacts contributing approximately \$6.5 million
- Refinement in cost estimates based on finalized site and building detailed design elements contributing \$1.7 million
- Refinement in equipment, communication, IT and security costs contributing \$1 million
- Additional construction contract administration costs of \$800,000
- Inclusion of public art contributing \$400,000
- General capital cost inflation from original plan contributing \$1.6 million.

The capital cost of the SECC facility will continue to be refined through 2021 subject to final site plan impacts, early competitive procurement processes and

considerations of the impacts of COVID on facility and programming design. Any changes in the capital budget resulting from these final steps will be included in the 2022 capital budget.

The plan for this facility started in the early 2000s. It first appeared in the 2003 Development Charge Background Study, at which time it was determined to be fully required for the City's growing population and therefore 100 per cent funded by development charges. As a result of the LEED certified design, the inclusion of public art, the most recent DC Study, and the legislated calculation of the development charges, there is a tax supported capital cost of approximately \$11.2 million. The tax funded cost is able to be accommodated within current City capital funding strategies for growth, infrastructure renewal and 100RE. Staff are encouraged that the new Community Benefit Charge (CBC) may be a funding source for the public art component.

The changing DC and CBC legislation may also reduce the tax supported impact of this project as the mandatory 10 per cent reduction in the development charge calculation has been removed effective with the next DC Study planned for late 2021. Transitional implications are still yet to be understood as staff await the provincial regulation. Given these uncertainties, the refined funding sources will be included in the 2022 capital budget.

As included in previous debt forecasts, this facility is planned to be debt-financed (net of any development charges collected to date) as it is the most appropriate financing to ensure inter-generational equity for long-term facility assets. The cost of debt has never been as low as in the current market environment and Finance staff are developing a strategy to ensure the current low interest rates are able to be accessed for this future build.

The net operating impacts for the facility are currently estimated to be \$2.4 million; this is a full-life cycle budget figure which includes impacts for facility operations and management, programming costs and revenues, and facility and equipment maintenance and renewal including the longer-term capital replacement.

The gross expense budget is \$4.3 million with estimated revenues of \$1.9 million. This user fee recovery rate is consistent with other recreational facilities in the City. A delay of one year as proposed by staff will increase the confidence in these estimates as they are highly influenced by the social impacts of COVID. Both of these figures may be impacted by the work undertaken in 2021 to better understand the requirements and use of a post-COVID community facility.

Operating costs of growth-related capital should be financeable within assessment growth property tax revenue, having a zero per cent impact on the tax levy. For this reason, staff are recommending phasing-in the operating cost of this facility over four years, ensuring annual property tax assessment growth revenues are utilized over this period.

Consultations

A number of community stakeholders, including the Wellington Catholic District School Board, major facility users, Guelph Wellington Seniors Association, University of Guelph, Union Gas and City staff, have been engaged and provided valuable feedback on this project.

Strategic Plan Alignment

The SECC is a key facility identified in the Building our Future pillar of the Strategic Plan. The design of the facility incorporates elements of environmental sustainability and mitigating climate change impacts support the Sustaining Our Future pillar of the City's Strategic Plan. To align with the City's Community Net Zero Carbon and Corporate 100% Renewable Energy (100RE) plans, the design meets the Canada Green Building Council's (CaGBC) Leadership in Energy and Environmental Design® (LEED) Silver Standard, and further reduces energy and climate change impacts by designing to the CaGBC Zero Carbon Building (ZCB) Design Standard.

Attachments

Attachment-1 2020 South End Community Centre Presentation

Departmental Approval

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