



**Town of Georgina
Business Case for New Capital Initiatives
19-FAC-2**

Title of Request: Construction Budget for the Multi-Use Recreation Centre(MURC)

Date: November 16, 2018

Department: Office of the CAO

Division: Special Capital Initiatives

Project Description: To approve project budget of \$42,141,000 through to 2021/2022

1. Proposed Year of Initiative: 2019-2021/2022

2. Nature of Initiative/Review Factors (check and explain all that apply):

- Legislative, Growth Risk Management, Customer Service, Service Level Change
 Strategic Priority, Efficiency, Adopted Plan/Study
 Other (please specify)

3. Brief Links to Strategic Plan Departmental Business Plans or Other Plans:

Keswick is the Town's largest settlement area with over 25,500 residents as of 2011. With the extension of Highway 404 to the Town's southwestern boundary is forecasted to stimulate growth in the South Keswick area in the short and medium-term; several plans of subdivision are currently in the planning approvals stage.

Given Keswick's existing and projected population, in 2014 Town Council adopted and endorsed the Recreation Facility Needs Study (RFNS) (Refer to the link below). The study was conducted by Monteith Brown Planning Consultants(MBPC) which identified the possible development of a Multi-use Recreation Centre (MURC) in the South Keswick area.

https://www.georgina.ca/sites/default/files/page_assets/14-18 - recreation facility needs study council adopted may 2014 0.pdf

4. Main/Desired Goal or Outcomes/Benefits:

Town of Georgina – Recreation Facility Needs Study (RFNS) May 2014 identifies the following outcomes:

- multi-tank aquatics complex capable of accommodating competitive swimming (e.g., 25-metre, 6-lane), instructional swimming, recreational swimming, and wellness/therapeutic activities
- double gymnasium with elevated walking track
- dedicated seniors lounge
- dedicated youth lounge
- multi-use program and meeting rooms
- active living centre (e.g., fitness studio)
- library branch
- ancillary spaces, such as minor sports organization offices, food and beverage services, storage, etc.

Experience in hundreds of communities across Canada supports the finding that multi-use recreation facilities can provide a great number of benefits. While the specific nature and degree of these benefits will depend on local circumstances, facility design/operation, and a host of other factors, there is no denying that **multi-use recreation facilities have the potential to generate substantial economic, social, and environmental gains for local municipalities. These benefits are most notable in those municipalities that view sport infrastructure as an investment in the community, not simply an expenditure.**

Multi-use facilities also serve as “one-stop shopping” destinations that respond to a broad range of users all under one roof. By becoming a “hub” within the community, facilities such as this can also offer opportunities for improved revenue generation. Multi-use facilities also could better facilitate and attract events and tournaments that **can bring increased numbers of visitors to the community and significantly enhance local program and sport development.**

5. Cost/ Financial Impact, Recovery and Net impact

The Town hired Colliers Project Leaders to be its Project Manager to lead the process of moving the project forward. Colliers assessed the current project budget to provide the Town of Georgina another perspective on the potential cost for the MURC.

The basis of the Colliers assessment is:

To use the information from the order of magnitude budget delivered to Georgina in 2014. This budget was included in the “Town of Georgina – Recreation Facility Needs Study” Final Report dated May 2014. Referred to as the RFNS.

To use current market information as an indicator of the trend for costs, Colliers had access to 2 pre-tender construction cost estimates by different professional cost consultants. These estimates are recent and were delivered last month, October 2018.

Other Colliers project managers were canvassed to assess market rates for Architect team services for these types of projects and applied what it believes to be an appropriate rate. For the Architect team fee, the RFNS assumed a fee of 6% of the base construction cost. Current markets indicate this is low and a more appropriate percentage should be 8%; Colliers carried 8% in its assessment. In addition RFNS, did not carry any funds for the project management which has been included in the assessment and subsequently revised budget.

<u>Budget from May 2014 Recreation Facility Needs Study (RFNS)</u>		<u>Colliers Project Leaders Preliminary Budget Analysis</u>	
<i>Proposed area in Sq. ft.</i>	<i>75,279</i>	<i>Based on same Sq. ft. approx.</i>	
Base building construction Cost 75,279 sq ft	\$23,538,700	\$25,218,465.00	Colliers assessed value based on review and average current 2018 cost of \$335/ sq ft x 75,279 sq ft for similar building construction
Assume 275 parking spaces@ \$3,100/per space	\$852,500	\$852,500	a) Colliers has not assessed this value
1) Site Servicing, Landscaping, SWM Pond	\$1,250,000	\$1,250,000	b) Colliers has not assessed this value
Construction Contingency (5%)	\$1,282,060	\$1,366,048	Construction Contingency (5%)
Subtotal of Construction Costs	\$26,923,260	\$28,687,013	Colliers Assessed Subtotal Construction Cost
2) Consulting Fees (6% of Subtotal for Architect team)	\$1,538,472	\$2,185,677	Colliers 2018 est value for Architect fee 8%
3) Soft Costs, plus 3% contingency	\$1,320,719	\$1,320,719	c) Colliers has not assessed this value

4) Project Contingency (includes a reserve) (3% of subtotal)	\$893,474	\$3,219,341	d) Colliers value does not include a reserve. The project contingency is based on 10% of project costs for FF&E(Including Library specific FF&E), program changes, unknown soil and water conditions, soft costs, consultant fees, escalation etc...
5) 2014 Project Budget	\$30,675,925	\$35,412,750	2018 value Colliers analysis
		\$543,653	Add Project Management fees
		\$35,956,403	2018 Colliers Proposed Project Budget analysis (Including Project Management Fees)
1.76% non recoverable HST	\$728,859.97	\$726,322.36	1.76% non recoverable HST
6) Final RFNS 2014 Project Budget [Including escalation at non compounded 5% for 7 years (2021-Anticipated Construction Completion)] Including 1.76% HST	\$42,141,358.08	\$41,994,638.32	Final Colliers Proposed Project Budget [Including escalation at non compounded 5% for 3 years (2021-Anticipated Construction Completion)] Including 1.76% HST
Notes from RFNS 2014:		Notes from Colliers:	
1) Site development costs include servicing, parking lot, landscaping, etc. for both core components and some future expansion.		a) To be reviewed based on parking requirements following finalized program. Colliers has carried the 2104 RFNS value and changes accounted for in d) Contingency	
2) Consulting fees include full professional services for architectural, structural engineering, mechanical engineering, electrical engineering, civil engineering and landscape architectural services.		b) Colliers has not reviewed in detail but assumed limited park work included in the original budget. Definitely no high qualify active fields. To be discussed further. Colliers has carried the 2014 RFNS study value and changes are accounted for in d) contingency	
3) Soft costs include other fees (survey, Geotech, environmental), FFE, A/V, security, communications, utility fees, signage, etc.		c) Colliers has carried the 2014 RFNS study value but there is still uncertainty on the FF&E program and may have significant pressures due to this. Contingency d) helps to address this concern.	

- 4) Includes a small reserve for items to be added to or revised within the space programme.
- 5) Capital construction cost and fee estimates are based on the current construction climate; yearly escalation should be added depending on the proposed construction date. This estimate assumes a rational "pre-engineered" structural system. Specific exclusions: HST, land costs, legal costs, environmental remediation, project management.
- 6) All budget estimates contained in this report are in 2014 Canadian dollars. Budgets for future years should be increased to account for such factors as inflation conditions in the construction industry. While the amount of this increase is speculative, we suggest a minimum of 5% per year for budgeting purposes.

d) Colliers has not included the reserve that was included in the 2014 study. Value of previously proposed reserve is unknown. The proposed contingency addressed the unknowns.

The tabulated analysis above indicates that Colliers assessment in 2018 is in line with the 2014 RFNS (conducted by MBPC) proposed estimated budget. Thus, the RFNS estimated budget will be taken as the proposed for approval through this business case. Refer to below for a preliminary forecasted cash flow for the MURC project.

<u>MURC estimated cash flow</u>	
2018 estimated cash flow	\$78,400
2019 estimated cash flow	\$2,339,806
2020 estimated cash flow	\$18,457,550
2021 estimated cash flow	\$20,499,187
2022 estimated cash flow	\$37,555
Plus 1.76% HST	\$42,141,358.08

***Note:** The values indicated above are only estimates and will be further refined upon hiring of an Architect design team.

6. Other Considerations or Efficiency Options:

Can you defer the request? No

Is it more efficient to contract out the initiative? No

Can you combine this initiative with other present functions? No

Can you change the services model to reduce this demand without reducing service levels? No

Can you better leverage technology? No

Can you share service delivery with other Town Departments/Agencies or municipalities? No

7. Short-term results expected: Council approves current proposed budget for project to proceed. This will further allow the Architect team to be hired in 2019 to provide a design in accordance with Council, stakeholder and public needs and requirements. Thus providing a more accurate budget.

8. Long-term Results expected: Anticipated start of construction 2020 with substantial completion in 2021/2022 and staff development of capital and operating budget for new Civic Centre for Council approval in 2021.

9. Other Comments: