



MUNICIPALITY OF SOUTH HURON

Final Report to Council
Community Hub/Recreation Centre
Where do we go from here?

November 20, 2017

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INTRODUCTION AND PURPOSE

This report is subsequent to the previous *Options Paper*, *A Path Forward* and *A Path Forward 2.0* documents. This document will focus on the actions approved by Council from the August 9, 2017 Committee of the Whole meeting.

As a result, the focus of this document will be on the Community Hub/Recreation Centre design concept as a project, feedback from the Public meeting(s) and should Council choose to move forward with a project, present a framework for Council's consideration.

PROJECT SCOPE

The framework as approved by Council was to examine the viability of moving forward with a preliminary concept design of the Community Hub/Recreation Centre with a single ice pad and the potential to add a second ice pad.

A Committee of the Whole meeting was held on August 9, 2017 that provided a draft preliminary concept design of the above framework. At the meeting, it was reinforced that this was a draft preliminary design and that it did not take into account the challenges of the existing site (grading).

During the meeting, there were key themes that emerged from the discussion that provided the framework for moving forward in the meeting:

- The importance of public consultation. It was identified that the public consultation would be a validation exercise of work conducted to date and the proposal;
- The importance of recreation projects as economic and community drivers;
- Potential for ongoing partnerships with public agencies and community groups;
- Alignment with the Strategic plan;
- Being cognizant of the ability to pay; balancing affordability and long term benefits;
- Maximizing energy efficiencies;
- Importance of age-friendly strategies and youth-friendly strategies.

As a result, the following framework was passed at the meeting and approved at the Council meeting of August 21, 2017 specific to the Community Hub/Recreation Centre project:

- That the Community Hub/Recreation Centre as a key priority project.
- That public engagement to present a draft preliminary concept design for discussion purposes be presented.
- That for the Community Hub/Recreation Centre, that the Design Build Construction Process is adopted.
- That Terms of Reference for a Project Steering Committee and Fundraising Committee be drafted.
- That an application be made to the Federation of Canadian Municipalities (FCM) for a feasibility study to explore energy efficiencies with including net zero options be made.

CONCEPT DESIGN

Based on the framework adopted by Council, a draft preliminary concept design consisting of community/hub/recreation centre with a single pad and the option of an additional ice pad as part of a future phase was authorized to be presented to the public for feedback and validation.

The following identifies preliminary estimates of the order of magnitude capital costs for new facility construction, at a level comparable to contemporary facilities including the provision of an NHL size ice surface and up-to-date public and user amenities.

The order of magnitude total project capital costs for each option are based on current per square foot costs for comparable municipal facilities and include consideration of project costs associated with site development, fittings, furnishings and equipment, fees associated with design, management, legal, etc., and a contingency allowance as follows:

Site development

Site development includes landscaping of the grounds, construction of parking lots, and the provision of servicing (i.e. utilities).

The allowance for site development is 10% of the cost of facility construction (i.e. the building).

Fittings, furnishings and equipment

Fittings, furnishings and equipment include all the interior fitting, furnishings and equipment in the building such as office furniture, workshop equipment, snack bar fixtures, and electronics.

The allowance for these items is 5% of the total cost for the building and site development.

Soft cost allowance

Soft costs include professional fees incurred associated with the design of the building, management of the construction process, legal services, etc.

The allowance for soft costs is 10% of the total cost for the building and site development.

Contingencies

A contingency allows for any increase in the capital cost of a facility due to unforeseen circumstances.

The allowance for contingencies is 8%.

Other Assumptions

The following assumptions have been included in the development of the cost estimates:

- The new facility will include energy conservation measures such as high efficiency rink lighting and heat recovery system for the ice plant.
- Individual seats rather than bench seating will be provided.
- The facility will be fully compliant with ODA requirements.
- Generally, the facility will reflect an open design concept with visual access in all areas to ensure public safety and to foster a sense of belonging among users and visitors.
- The main entrance will be a public entry only; a separate "delivery/supplier" entrance will be provided.
- Water fountains will be provided throughout the facility.
- Interior finishes will be specified to ensure suitability for levels of use and associated cleaning and maintenance standards.
- Exterior site development will include provision for a drop-off zone for parents with young children, school bus access and parking, and the provision of an outdoor shaded children's play area.
- It should be noted that the cost estimates do not include provision for LEED designation. The LEED Green Building Rating System is a voluntary building rating system based on existing proven

technology. It evaluates environmental performance from a whole building perspective over a building's life cycle, providing a definitive standard for what constitutes a "green building". The LEED program offers 4 levels of certification. These are Certified, Silver, Gold and Platinum. Certification at any of these levels requires the collection of a certain number of credits available from a prescribed list of 78 available credits. The strategies implemented to obtain these credits each reduce the operating costs and the burden of buildings on the environment. Examples of strategies that receive LEED credits are site selection to encourage use of public transit, landscaping which requires no irrigation, a high-performance building envelope, use of day lighting to minimize electric lighting, use of recycled wood, solar thermal hot water for a radiant heating system, a vegetated green roof and radiant in-floor heating system. Sustainable design requires the creative re evaluation of materials and processes for increased performance and longevity.

Including these LEED initiatives in the building design will increase the capital cost of facility development; Silver Certification typically adds in the order of 5% to estimated costs of facility construction. The payback period on most of the initiatives is generally considered to be relatively short through the reduction in operating expenses and this is typically defined as part of the LEED design process.

Single Pad Arena Community Hub/Rec Centre Capital Estimate

The size of the proposed single indoor ice pad facility comprising the first phase of proposed arena facility development is estimated to be in the order of 40,475 square feet (gross). The cost to develop the single indoor ice pad facility, based on the concept described and a total gross floor area of 40,475 square feet, is projected to be in the order of \$11,059,389. The cost estimate is comprised of the following cost allocations:

Cost Items		Costing Benchmark	Capital Cost Estimate
A	Building	40,475 s.f.@ \$200 s.f.	\$8,095,000
B	Site development allowance (Landscape, Parking, Services)	10%of A	\$809,500
C	Fittings, furnishings, equipment allowance	5%of A+B	\$445,225
D	Soft cost allowance (Design	10%of A+B	\$890,450
E	Contingencies (Design 5%, Construction 3%)	8%allowance (of A+B+C+D)	\$819,214
Total Cost Estimate*			\$11,059,389

*It should be noted that this number has been determined at a very high level and starting point only and should by no means be looked at as a final costing as there are a number of factors that could impact this figure that are beyond the scope of work conducted to date.

For illustrative purposes, if a second ice pad was incorporated into the project, the following outlines the potential costs:

Items		Costing Benchmark	Capital Cost Estimate
A	Building	75,890 s.f.@ \$200	\$15,178,000
B	Site development allowance	10%of A	\$1,517,800
C	Fittings, furnishings, equipment	5%of A+B	\$834,790
D	Soft cost allowance (Design	10%of A+B	\$1,669,580
E	Contingencies (Design 5%, Construction 3%)	8%allowance (of A+B+C+D)	\$1,415,774
Total Cost Estimate*			\$19,112,294

*It should be noted that this number has been determined at a very high level and starting point only and should by no means be looked at as a final costing as there are a number of factors that could impact this figure that are beyond the scope of work conducted to date.

COMMUNITY ENGAGEMENT RESULTS

For the proposed Recreational projects, a total of four engagement sessions were conducted including one session specific to the Pool project. The following Table outlines the schedule and registered attendance:

Date	Location	Topic	Registered Attendance
September 13, 2017	Exeter	Outdoor Pool	29
October 4, 2017	Exeter	Community Hub/Recreation Centre	53
October 23, 2017	Kirkton	Both Projects	0
October 25, 2017	Grand Bend	Both Projects	38

The discussion of the Outdoor Pool at the September 13, 2017 resulted in the following themes:

- Concern on the impact of taxation;
- Cannot afford the project;
- Desire for an Indoor Pool to be considered;
- We don't need to do a project of this magnitude;
- What does future programming look like;
- Where is the business case;
- What is the Hub and what does it include;
- We need to have amenities for all ages;
- Location;
- What are the operational costs;

Feedback including meeting notes and comments are included as Appendix A of this report.

It should be noted that Council received a delegation from a resident of the Community at the October 2, 2017 Council meeting regarding the inclusion of an indoor pool within the proposed Community Hub Recreation Centre and presented a petition reflective of that position. Within the comments of the position presented, concerns about investing into the existing outdoor pool were consistent with the above observations.

WHERE DO WE GO FROM HERE?

At this time, Council needs to determine the next steps on the Community Hub/Recreation Centre project. There are essentially two paths to move forward with.

Option 1 – Do Not Move Project Forward With the Project

Should Council choose this option, there are a number of action items that will need addressed as follows:

The Project Steering Committee cannot proceed. The report on the agenda of November 20, 2017 will just need to be received.

Determine what investment (if any) will be conducted on the South Huron Recreation Centre and determine if the work will be conducted in 2018 or be deferred to future years. Attached please find the Structural Review conducted by BM Ross in July 2012 (Appendix B) for information purposes.

The Ministry of Agriculture Food and Rural Affairs be contacted and advised that the Municipality will not be moving forward with the Rural Economic Development (RED) grant related to the Community Hub/Recreation Centre project and funding returned.

Option 1 Draft Recommendations for Consideration

That the Municipality of South Huron will not be proceeding with the Community Hub/Recreation Centre project; and

That The Ministry of Agriculture Food and Rural Affairs be contacted and advised that the Municipality will not be moving forward with the Rural Economic Development (RED) grant related to the Community Hub/Recreation Centre project

Option 2 – Move Forward With the Project

Should Council choose to move forward with the project there are a number of actions items that need to be addressed:

Council needs to formally commit to moving forward with the Community Hub/Recreation project. There are current resolutions that have not been formally adopted by Council and could be incorporated or amended as Council sees fit:

Motion **#CW14-2017**
Moved: **D. Frayne**
Seconded: **W. DeLuca**

That South Huron Committee of the Whole recommends to Council that Council approves the retrofit and upgrade option for the Recreation Centre set out in the Options Paper provided by the CAO at the February 13, 2017 Committee of the Whole meeting, up to \$1 million; and that Council commits to construct a new Recreation Centre in South Huron in the next five years, which includes a community hub.

T. Oke requested a recorded vote.

<u>Committee Member</u>	<u>Yes</u>	<u>No</u>
M. Vaughan	X	
W. DeLuca	X	
D. Frayne	X	
T. Oke	X	
C. Hebert	X	
M. Cole	X	

Disposition: **Carried**

Motion: **#CW17-2017**
Moved: **D. Frayne**
Seconded: **W. DeLuca**

That South Huron Committee of the Whole hereby recommends to Council that the South Huron Recreation Centre project be funded as follows;
2016 wind turbine revenues of \$203,600.00;
2017 wind turbine revenues of \$290,000.00;
Kraft Hockeyville Reserve of \$25,000.00; and

That the balance of up to \$481,400 be self-financed from the Working Fund Reserve; and

That the Working Fund Reserve be paid back from the 2018 and 2019 wind turbine revenue.

Disposition: **Carried**

Council needs to commits to a financial commitment toward the Community Hub project to assist the Project Steering Committee and future Fundraising

Committee. Council must take into consideration the financial realities for the Corporation of the Municipality of South Huron and an overall Taxpayers capacity to pay. As Council is aware, the following Table outlines the current investment that has been debt financed by the Municipality:

Municipality of South Huron			
Long Term Debt Summary			
"Unaudited"			
	Loan Date	Maturity Date	Balance December 31/17
Exeter Water	Jan 1998	Dec 2017	\$ -
Exeter Water/Sewer	June 2004	June 2024	\$ 310,639
Huron Park Water/Sewer	Dec 2006	Dec 2046	\$ 6,112,686
Oakwood Sewer	July 2007	July 2047	\$ 600,934
Crediton/Centralia Sewer	Aug 2008	Aug 2028	\$ 3,101,393
Exeter Hensall Pipeline	Dec 2009	Dec 2034	\$ 8,705,518
SHRC Refrigeration Plant	Dec 2013	Dec 2033	\$ 757,481
GBSTF & PS2	Dec 2017	Dec 2037	\$ 2,451,402
Balance Long Term Debt			\$ 22,040,053
<i>Long Term Debt summary does not include Tile Drain Loans</i>			

Our net debt charges at this time not including the Grand Bend Sewage Treatment Facility is \$1,975,952. In addition, there have been no decisions on how to finance the Outdoor Poll project which may have further implications.

The maximum debt payment allowable for the Corporation is 25% of our own sourced revenues. As a result, our 2016 maximum debt repayment is \$4,379,010 (maximum annual principal and interest payments). This figure is not constant and is subject to fluctuation of interest rates.

As a result, we have an estimated annual repayment limit is \$2,403,058 (2016 available principal and interest payments).

The following Table outlines the net debt financing cost and implications per \$100,000 of assessment and on an average household

Net Debt Financing Cost	5,000,000.00	7,500,000.00	10,000,000.00	12,500,000.00	15,000,000.00
<i>Annual Debt Payments</i>	306,671.81	460,007.71	613,343.62	766,679.52	920,015.42
Annual Repayment Limit (2016)	2,403,058.00				
% of the ARL	12.76%	19.14%	25.52%	31.90%	38.29%
Tax Levy Implications					
Tax Bill Impact per \$100,000 of Assessment	23.79	35.68	47.58	59.47	71.37
Impact per \$230,800	54.90	82.36	109.81	137.26	164.71

It would not be recommended to maximize the utilization of debt financing for recreational projects given the level of existing debt and timelines until final principal and interest payments are realized. As a result, Council should establish a maximum level of debt carriage that would be considered. For example, based on current circumstances, Council may wish to utilize up to 20% of the estimated annual repayment limit.

As previously identified, it is anticipated that \$5,000,000 will be required to fundraise from the Community. The debt financed amount and the fundraised money would be utilized to leverage upper levels of government for funding.

Council previously received a report from dmA Planning and Management Services regarding an Indoor Aquatic Facility Review in April 2013 (Appendix C). In Section 5 of the document, there are conclusions and next steps that are relevant to the our current position with this project which is a Community Hub/Recreation Centre to incorporate two ice pads and an indoor pool as part of any future feasibility study (Resolution #457-2017 passed on November 6, 2017).

The following are the steps that Council should incorporate:

Authorize moving forward with a Feasibility Study for the project as outlined above and incorporate all energy efficiency applications that may lead to a maximum energy efficiencies with a goal of a net zero design. It is estimated that the cost for such a Study could range up to an estimated \$100,000 and take approximately 6 months to prepare. This item will need to be discussed as part of the 2018 budget discussion on November 28, 2017.

If the Municipality is incorporating an indoor pool as a possibility, the YMCA should be asked to commit as a potential partner and broadly outline conditions of their involvement in the project.

Option 2 Draft Recommendations for Consideration

That the Municipality of South Huron Council commits to the construction of a Community Hub/Recreation Centre within the next five years; and

That the Municipality of South Huron commits an amount of XXXX to be debt financed for the project; and

That Council authorizes the CAO to proceed with the development of a Request for Proposal (RFP) for the provision of a Feasibility Study related to the Community Hub/ Recreation Centre project; and Municipality of South

Huron will be proceeding with the Community Hub/Recreation Centre project; and

That Council authorizes the CAO to initiate discussions with the YMCA to determine their level of interest and commitment for the Community Hub/Recreation project and follow up with a report to Council.

TABLE OF APPENDICES

Appendix A - Feedback including Meeting Notes from Public Meetings

Appendix B – Structural Review for SHRC dated July 11, 2012

Appendix C – dmA Final Report Dated April 1, 2013