



2021

MUNICIPALITY OF SOUTH HURON

SHRC Design and Construction Task Force Findings

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Purpose

The purpose of this report is to present the findings of the SHRC Design and Construction Task Force in accordance with the purpose and objectives of the SHRC Design and Construction Task Force. This scope is specifically related to Motion 15-2021 which sets the following parameters:

Motion: 15-2021 Moved: G. Finch Seconded: A. Neeb

Whereas the Council undertook a Condition Assessment of existing recreation facility inventory, a Community Recreation Facility Needs Assessment and updated the 2009 Recreation Master Plan in 2019; and

Whereas Council has spent considerable time, effort and resources examining various scenarios to consider a facility that the municipality can financially afford and be able to meet overall objectives for all recreation users in the community; and

Whereas we have not heard back from the Ontario Government regarding our application submitted under the Investing in Canada Infrastructure Program – Community Culture and Recreation Stream (ICIP-CCR) submitted in accordance with program requirements in November 2019 as per Council Resolutions 480-2019 – 493-2019 inclusive;

Now therefore be it resolved that Council move forward with renovating the existing South Huron Recreation Centre with a focus on the following components:

That if we have not heard back from the Provincial Government by February 28, 2021 regarding the status of our application under the Investing in Canada Infrastructure Program – Community Culture and Recreation Stream (ICIP-CCR) that Resolutions 480-2019 – 493- 2019 be repealed; and

The following renovation take place at the South Huron Recreation Centre beginning as soon as possible in 2021:

- Replacing 6 new dressing rooms (1000 sq. ft each);
- Officials Room and Storage Room (1000 sq. ft. each);
- Replace Dasher Board system and if possible convert the arena floor to 200 feet x 85 feet;
- AODA improvements to the existing washroom and provision of a LULA Lift

- Arena Floor, Piping be replaced;
- Epoxy on Roof – 10 year life extension and incorporated as part of regular maintenance;
- LED Lighting Upgrades
- Industrial Kitchen renovations
- Addition of a Single Gymnasium with walking track (Design Build) which would include
 - moveable divider wall
 - 2 dressing rooms
 - Bleachers Pull-out
 - Raised Walking Track; and

That the CAO be empowered prepare a building program report with costings, timeline; resource needs and construction schedule within 30 days of Council approval of this motion; and

That prior to Council authorization, this Notice of Motion be forwarded to the February 16, 2021 Council meeting with a recommendation to be placed on the February 22, 2021 Committee of the Whole for discussion

Disposition: Carried (5-2)

Methodology

In order to assist the Task Force in its mandate, it was critical that two key outside consultants were engaged:

- Architect
- Cost Consultant

As a result of previous involvement with South Huron, particularly with the South Huron Recreation Centre, Invizij Architects were engaged in the project to work within the timelines prescribed by Council. In addition, it should be noted that the Invizij Architects Inc. engaged Hanscombe Quantity Surveyors to provide a Class "D" cost estimate.

The concept design(s) as requested at Committee of the Whole of April 26, 2021 as well as the Total Project Costs will be incorporated later in this report.

Concept Design Process

The SHRC Design and Construction Task Force met several times and reported back to Council via three updates culminating with a report to Committee of the Whole on April 26, 2021. Through these updates, Council was apprised of findings, recommended changes and ensuring that the Task Force was “in scope” of Council’s direction.

The purpose of this element of the project was to determine an order of magnitude of the project based on the building program designed by Council. Once the order of magnitude was determined (Concept), a costing estimate could be determined.

The April 26, 2021 Committee of the whole meeting, provided Council an opportunity to speak to the Architect about the proposed concept plan and rationale. It was reaffirmed to the Committee that the purpose of this element was to determine the order of magnitude of the project.

It was noted at the meeting that the proposed \$7.5M construction budget for the project was not realistic. For greater clarity, the Committee was advised that there were costs in addition to total square footage costs that would need to be considered as part of the total project cost.

At the time of the meeting, the Task Force had not had the opportunity to examine and review the cost analysis. As a result, the Committee was not presented with financial costs. The Committee passed the following resolution:

Motion: CW#024-2021

Moved: J. Dietrich

Seconded: D. Faubert

That South Huron Committee of the Whole recommend that Council extend the original timeframe for the task force to the end of May.

Disposition: Carried (7 to 0)

Class “D” Cost Estimate Primer

Cost Predictability

Estimates are defined and classified based on the stage of a project’s development and the level of information available at the time of the milestone estimate.

This Class 'D' Estimate is considered to have an expected degree of accuracy of +/- 20- 30%. In other words, bid results might vary by this amount if the construction budget were set at this milestone estimate.

At the initial stages of a contemplated project, the cost accuracy of the estimate is low as there may be little or no information available to inform a first high-level concept estimate or order of magnitude estimate. As a project nears design completion and is ready to be released to market for tender, the level of accuracy of the estimate is high as the detail is generally extensive and typically represents the information on which contractors will bid.

Milestone cost estimates or “checks” are recommended as the project design develops to keep track of scope and budget. Early detection of potential budget overruns will allow for remedial action before design and scope are locked in. The number of milestone estimates will depend on a project’s size and schedule and cost predictability will improve as the design advances.

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According to the Canadian Joint Federal Government/Industry Cost Predictability Taskforce, industry standards for estimate classification and cost estimate accuracy may be summarized as follows:

COST ESTIMATE VARIANCE MATRIX ± %		
Class of Estimates	Based On	Project Complexity LOW → HIGH
D	Concept sketch design	20 → 30
C	33% Design development	15 → 20
B	66% Design development	10 → 15
A	100% complete tender documents	5 → 10
Unique Projects, Circumstances, or Risks		Varies → Add to Above %

While the classification categories differ from one authority to the next, the overarching principle for cost predictability remains the same – as the level of detail and design development increases, so does the level of accuracy of the estimate.

Cost Exclusions

This Class 'D' Estimate provided as part of this initiative does not provide for the following, if required:

- Cost of contaminated soil removal
- Equipment beyond that identified in this estimate
- Escalation contingency beyond that identified in this estimate
- Financing costs
- Loose furniture, furnishings and equipment
- Special audio, visual, security equipment or installation other than provision of empty conduit systems carried in electrical division
- Window treatments
- Winter Construction (Concrete foundation and masonry heating & hoarding)
- Value-added tax (e.g. Harmonized Sales Tax, Goods and Services Tax, or other)

- Premiums associated with Public-Private Partnership procurement model
- Soft Costs
 - Building permit
 - Development charges
 - Easement costs
 - Fund raising costs
 - Land acquisition costs and impost charges
 - Legal fees and expenses
 - Owner's staff and associated management
 - Preventative maintenance contracts
 - Professional fees and expenses
 - Relocation of existing facilities, including furniture and equipment
 - Right of way charges
 - Value-added tax (e.g. Harmonized Sales Tax, Goods and Services Tax, or other)
 - unexpected labour unavailability and productivity disruptions leading to delays and added costs
 - supply chain disruptions leading to delays and added costs

Cost Considerations

Based on the framework provided by the cost consultant, the following are key elements related to cost considerations related to their findings.

Cost Base

All costs are estimated on the basis of competitive bids (a minimum of 4 general contractor bids and at least 4 subcontractor bids for each trade) being received in April 2021 from general contractors and all major subcontractors and suppliers based on a stipulated sum form of contract. If these conditions are not met, bids received could be expected to exceed this estimate.

Unit Rates

The unit rates in the preparation of this Class 'D' Estimate include labour and material, equipment, subcontractor's overheads and profit. Union contractors are assumed to perform the work with the fair wage policy in effect.

General Requirements and Fee

General Requirements and Fee cover the General Contractor's indirect costs which may include but not be limited to supervision, site set up, temporary utilities, equipment, utilities, clean up, etc. as covered in Division 1 General Conditions of the Contract Documents. It also includes the contractor's fees and should not be confused with Design or Consultant fees which are excluded from the Construction Costs and carried separately in the Owner's Total Project Costs.

Design and Pricing Allowance

An allowance of 10.0% has been included to cover design and pricing unknowns. This allowance is not intended to cover any program space modifications but rather to provide some flexibility for the designers and cost planners during the remaining contract document stages.

It is expected that this allowance amount will be absorbed into the base construction costs as the design advances. The amount by which this allowance is reduced corresponds to an increase in accuracy and detailed design information. The cost consultant recommends that careful consideration be made at each milestone estimate to maintain adequate contingency for this allowance.

As a project nears completion of design, the cost consultant recommends retaining some contingency for this allowance for the final coordination of documents.

Escalation Allowance

All costs are based on April 2021 dollars. An allowance of 4.0% per annum has been made for construction cost escalation that may occur between April 2021 and the anticipated bid date for the project. Escalation during construction is included in the unit rates.

For escalation, the budgeted amount will typically decline as the time to award nears. Forecasting escalation requires careful assessment of a continually changing construction market which at best is difficult to predict. The escalation rate should be monitored.

Construction Allowance

An allowance of 5.0% has been made to cover construction (post contract) unknowns. This allowance, also known as the Post Contract Contingency (PCC), is intended to cover costs for change orders during construction that are not foreseeable. It is not intended to cover scope changes to the

contract. The amount carried in a budget for this allowance is typically set at the initial planning stage and should be based on the complexity of the project and the probability of unknowns and retained risks.

Cash Allowance

Cash allowances are intended to allow the contractor to include in the bid price the cost for work that is difficult to fully scope at the time of tendering based on factors that are beyond the Owner and Prime Consultant's control. Cash allowances attempt to reduce the risks by dedicating a set amount for use against a certain cost that cannot yet be detailed. The Contractor is obligated to work as best as possible within the limitations of the Cash Allowance.

Examples of Cash Allowances include hardware, inspection and testing, site conditions, replacement of existing elements during demolition for renovation, hazardous materials abatement, signage, etc.

Any Cash Allowances if applicable are included either in the details of this estimate under the appropriate discipline or at the summary level.

Taxes

No provision has been made for the Harmonized Sales Tax. It is recommended that the owner make separate provision for HST in the project budget.

Schedule

Pricing assumes a standard schedule of work appropriate to the size and scope of this project. Premiums for off-hour work, working in an operational facility, accelerated schedule, etc., if applicable, are identified separately in the body of the estimate.

Statement of Probable Costs

The cost consultant has no control over the cost of labour and materials, the contractor's method of determining prices, or competitive bidding and market conditions. This opinion of probable cost of construction is made on the basis of experience, qualifications and best judgment of the professional consultant familiar with the construction industry. The cost consultant cannot and does not guarantee that proposals, bids or actual construction costs will not vary from this or subsequent cost estimates.

Ongoing Cost Control

The cost consultant recommends that the Owner and design team carefully review this document, including line item description, unit prices, clarifications, exclusions, inclusions and assumptions, contingencies, escalation, and mark-ups. If the project is over budget, or if there are unresolved budgeting issues, alternative systems/schemes should be evaluated before proceeding into the next design phase.

It is recommended that a final updated estimate at the end of the design stage be produced by the cost consultant using Bid Documents to determine overall cost changes which may have occurred since the preparation of this estimate. The final updated estimate will address changes and additions to the documents, as well as addenda issued during the bidding process. The cost consultant cannot reconcile bid results to any estimate not produced from bid documents including all addenda.

This estimate does not constitute an offer to undertake the work, nor is any guarantee given that an offer, to undertake the work at the estimate(s) price, will subsequently be submitted by a construction contractor. Unless explicitly stated otherwise, it is assumed that competitive bids will be sought when tender documents have been completed. Any significant deviation between bids received and a pre-tender estimate prepared by the cost consultant from the same tender documents, should be evaluated to establish the possible cause(s).

Covid-19 Class “A” Estimate Statement

If this project is expected to be tendered in the near future and because risks related to COVID-19 are a currently known but unquantifiable project risk at this time and therefore may not support a claim under any force majeure contract clause, The cost consultant expects general contractors to include in their bids an allowance for COVID-19 risk unless that risk is mitigated in the bid documents. Inclusion of an allowance for risk related to COVID-19 will increase the overall cost of the project, in some cases materially.

The cost consultant believes inclusion of these risks in bids could impact normal competitive market conditions resulting in a bid price increase by a minimum of 5 to 10% or in extreme situations as much as 10 to 20%.

We encourage building owners and Architect & Engineering teams to address this situation by providing clear directives to the bidders on risk mitigation for COVID-19 within the tender documents.

Items related to COVID-19 that may be included in bidders’ risk allowances:
Reduced site productivity due to:

- lack of availability of labour for sickness and other reasons,
- delays related to recruiting or unavailability of replacement workers,
- social/physical distancing requirements,
- site shutdowns due to outbreaks among site workers,
- government mandated industry shutdowns,
- delays in delivery of materials and equipment to the site,
- unavailability of materials due to factory closure or shipping interruption,
- delays related to acquiring substitutions for unavailable materials,
- Effect of reduced site productivity on project schedule,
- Effect of project schedule delays on overheads.
- If any or all of these risks are encountered the completion date for the project will be delayed.

Options as Prescribed By Council

At the Committee of the Whole meeting of April 26, 2021, the following recommendation was recommended and authorized by Council on May 3, 2021:

Motion: CW#026-2021

Moved: T. Oke

Seconded: B. Willard

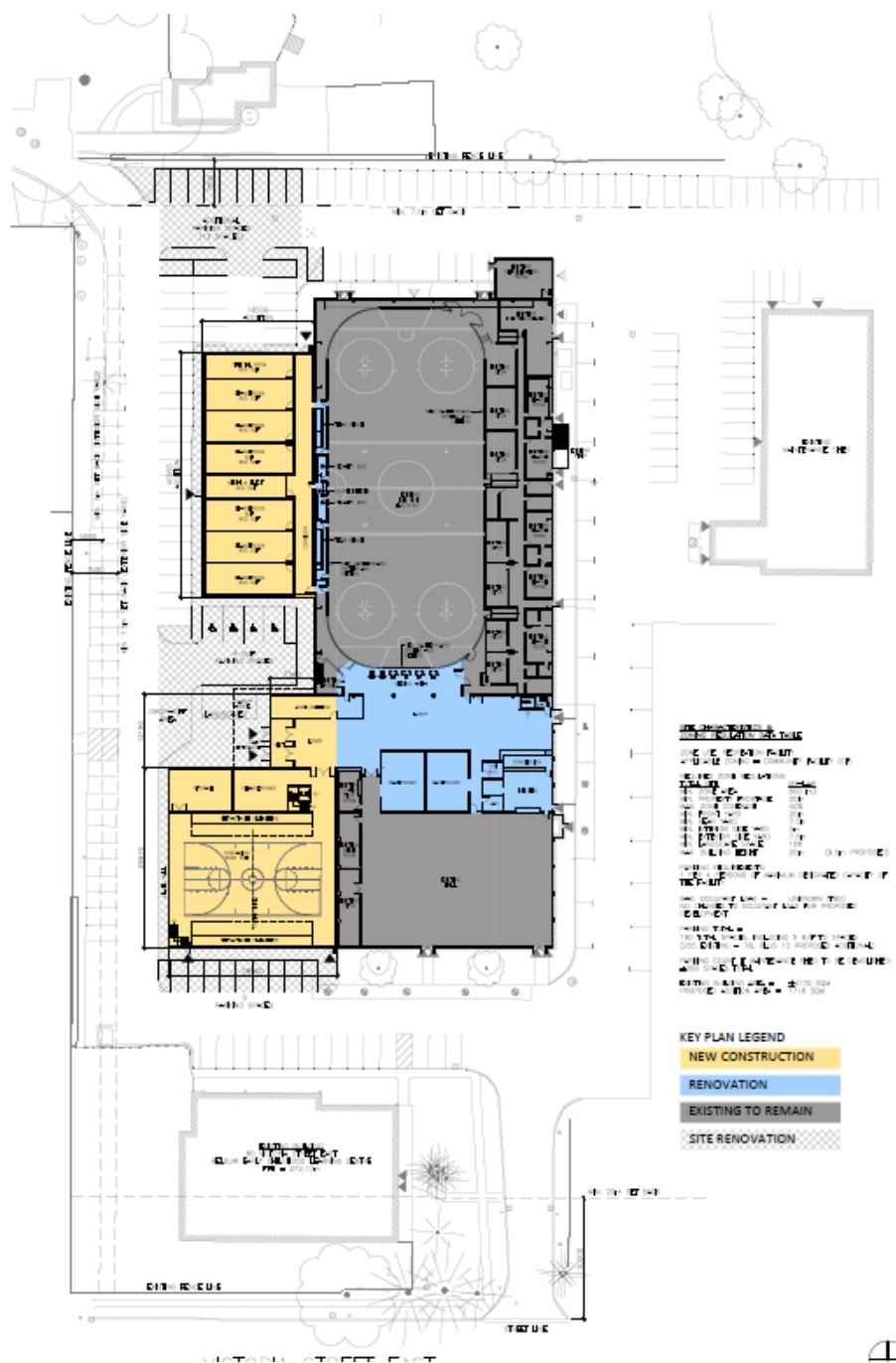
That South Huron Committee of the Whole recommend to Council that the task force investigate three costing options to be provided by the end of May:

- Option 1 - build (addition) out
- Option 2 - build (addition) up second floor scaled
- Option 3 - eliminate second floor with access to walking track and arena to be maintained.

Disposition: Carried (7 to 0)

The following provides an overview of the three concepts above and total project costs for Council's consideration.

Concept Plan Build Out



By utilizing the cost analysis model, the following provides a total project cost for the option to "Build Out"

	Alternate To Build Out (Horizontal)			
	As Shown in the following drawings dated May 13, 2021:			
	A1.1 Alternate Proposed Site Plan			
	A4 Alternate Proposed Main Floor Plan			
	A4.1 Alternate Upper Floor Plan			
	Construction Costs			
Area No.	Area Name	m2	Construction Cost	cost / m2
1	Changeroom Addition	750.2	\$2,682,366.89	\$3,575.54
2	Renovation	2000	\$5,946,369.17	\$2,973.18
6	New 2 story gym Addition	900	\$3,483,300.00	\$3,870.33
7	New Lobby Addition	187	\$890,200.00	\$4,760.43
3	Renovation of Existing Arena		\$798,800.00	Lump Sum
4	Site Development		\$306,000.00	
5	Upgrades to Kitchen	53	\$107,200.00	\$2,022.64
	Total Construction Cost		\$14,214,236.06	
B	Soft Costs			
	Consulting Fees	10%	\$1,421,423.61	
	Independent T&I Fees	1%	\$142,142.36	
	FF&E	1%	\$142,142.36	
	Total Soft Costs		\$1,705,708.33	
	Total Project Cost (A+B)		\$15,919,944.39	

SITE CHARACTERISTICS & ZONING REGULATION DATA TABLE

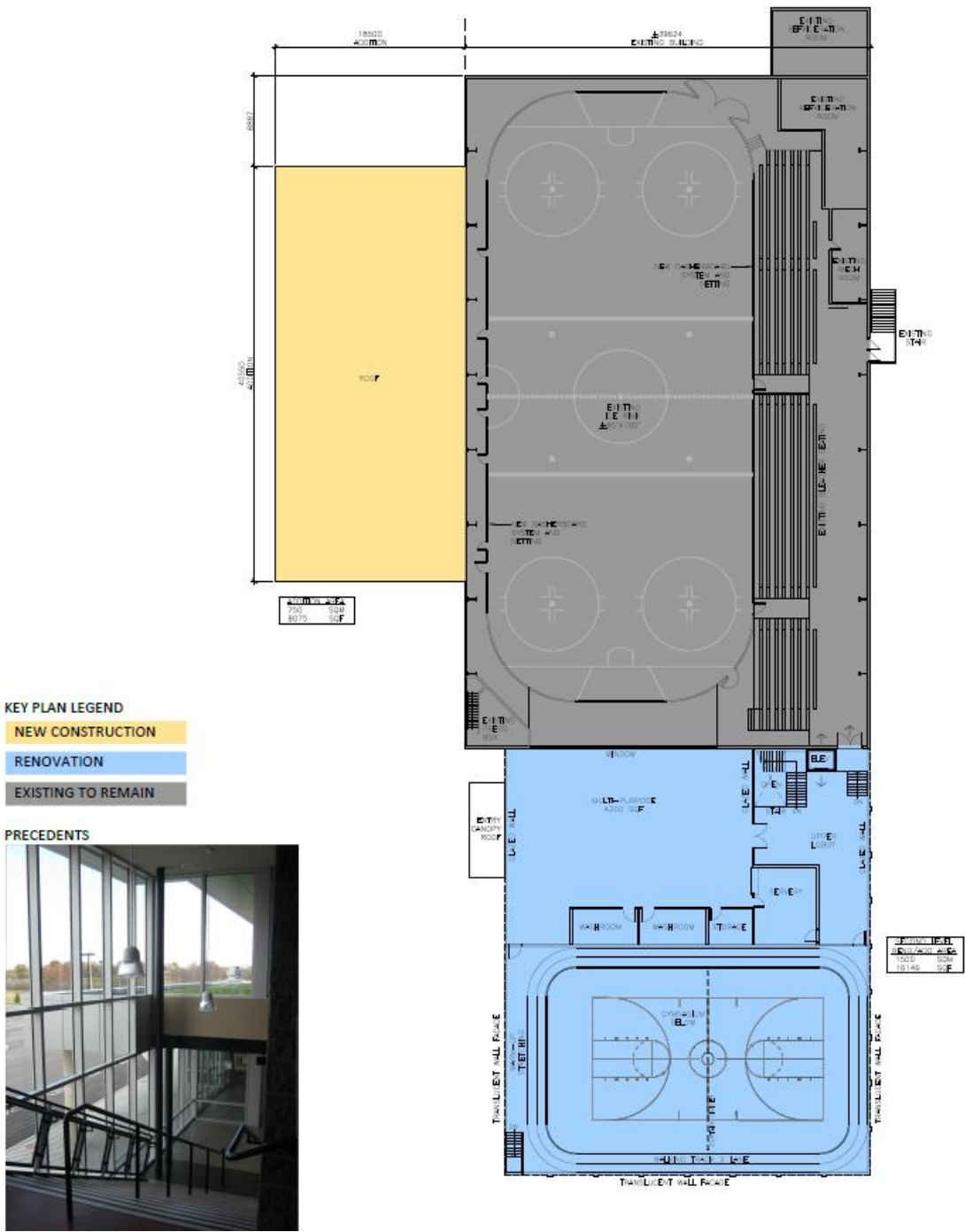
SITE CHARACTERISTICS & ZONING REGULATION DATA TABLE	
ZONE USE: RECREATION FACILITY APPLICABLE ZONING: COMMUNITY FACILITY (CF)	
REQUIRED ZONE REGULATIONS:	
TOTAL SITE	BY-LAW
MIN. ZONE AREA	600 m ²
MIN. PROPERTY FRONTAGE	20m
MAX. ZONE COVERAGE	40%
MIN. FRONT YARD	20m
MIN. REAR YARD	7.5m
MIN. INTERIOR SIDE YARD	5m
MIN. EXTERIOR SIDE YARD	7.5m
MIN. LANDSCAPE SPACE	10%
MAX. BUILDING HEIGHT	20m (9.5m PROPOSED)
PARKING REQUIREMENTS:	
1 PER 4 PERSONS OF MAXIMUM DESIGNATED CAPACITY THE FACILITY	
MAX. OCCUPANT LOAD = UNKNOWN (TBD) NO CHANGES TO OCCUPANT LOAD FOR PROPOSED DEVELOPMENT	
PARKING TOTAL = 229 TOTAL SPACES, INCLUDING 3 B/F TO MAINTAIN (255 EXISTING - 39, PLUS 13 PROPOSED ADDITIONAL)	
PARKING COUNT IF MAINTENANCE SHED TO BE DEMOLISHED: 300 SPACES TOTAL	
EXISTING BUILDING AREA = 4,417.0 SQM PROPOSED ADDITION AREA = 750 SQM	

KEY PLAN LEGEND

- NEW CONSTRUCTION
- RENOVATION
- EXISTING TO REMAIN
- SITE RENOVATION

EXISTING BUILDING
80 VICTORIA STREET EAST
REDLOU EARLY CHILDHOOD LEARNING CENTRE
FFE = 272.17m

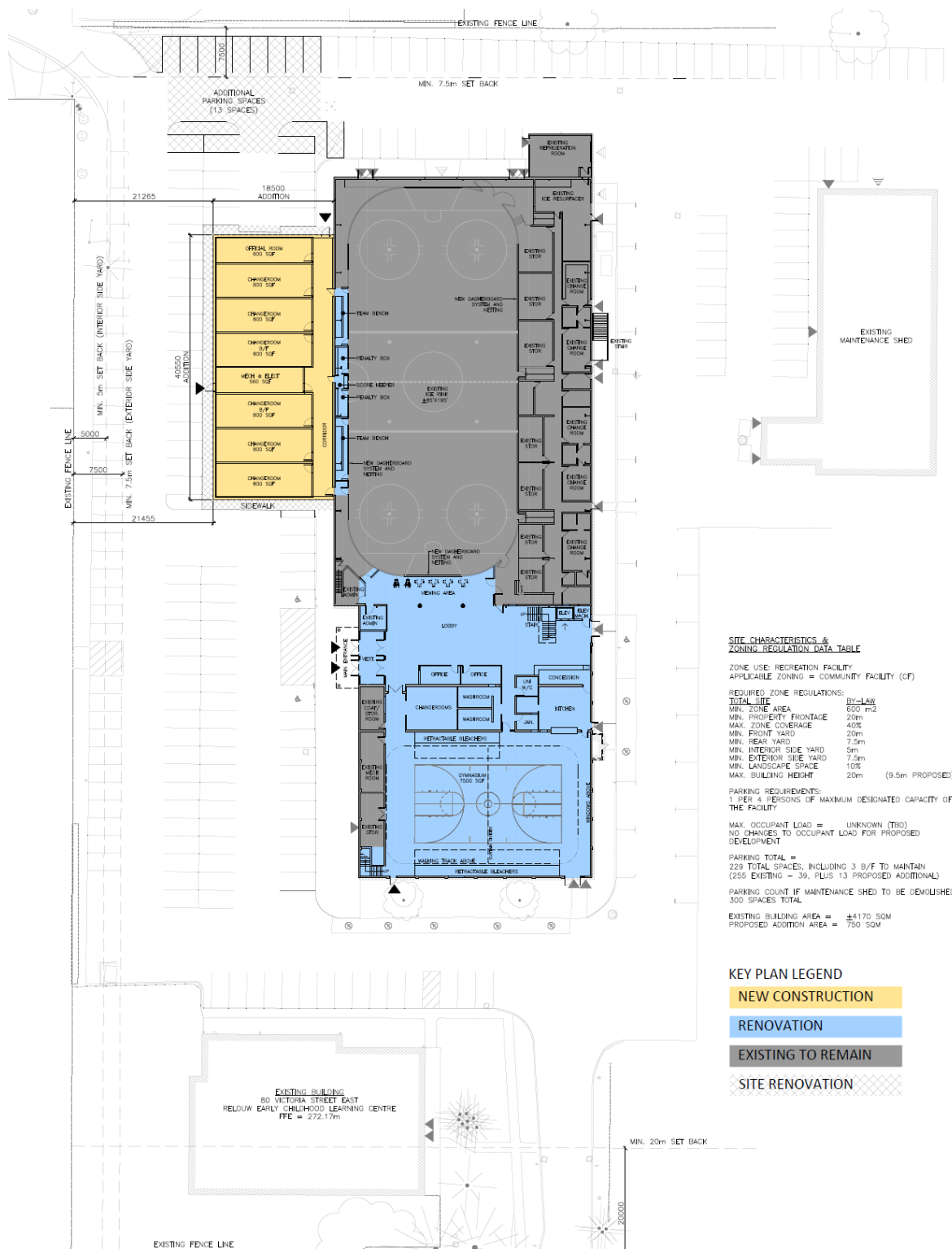
SITE RENOVATION

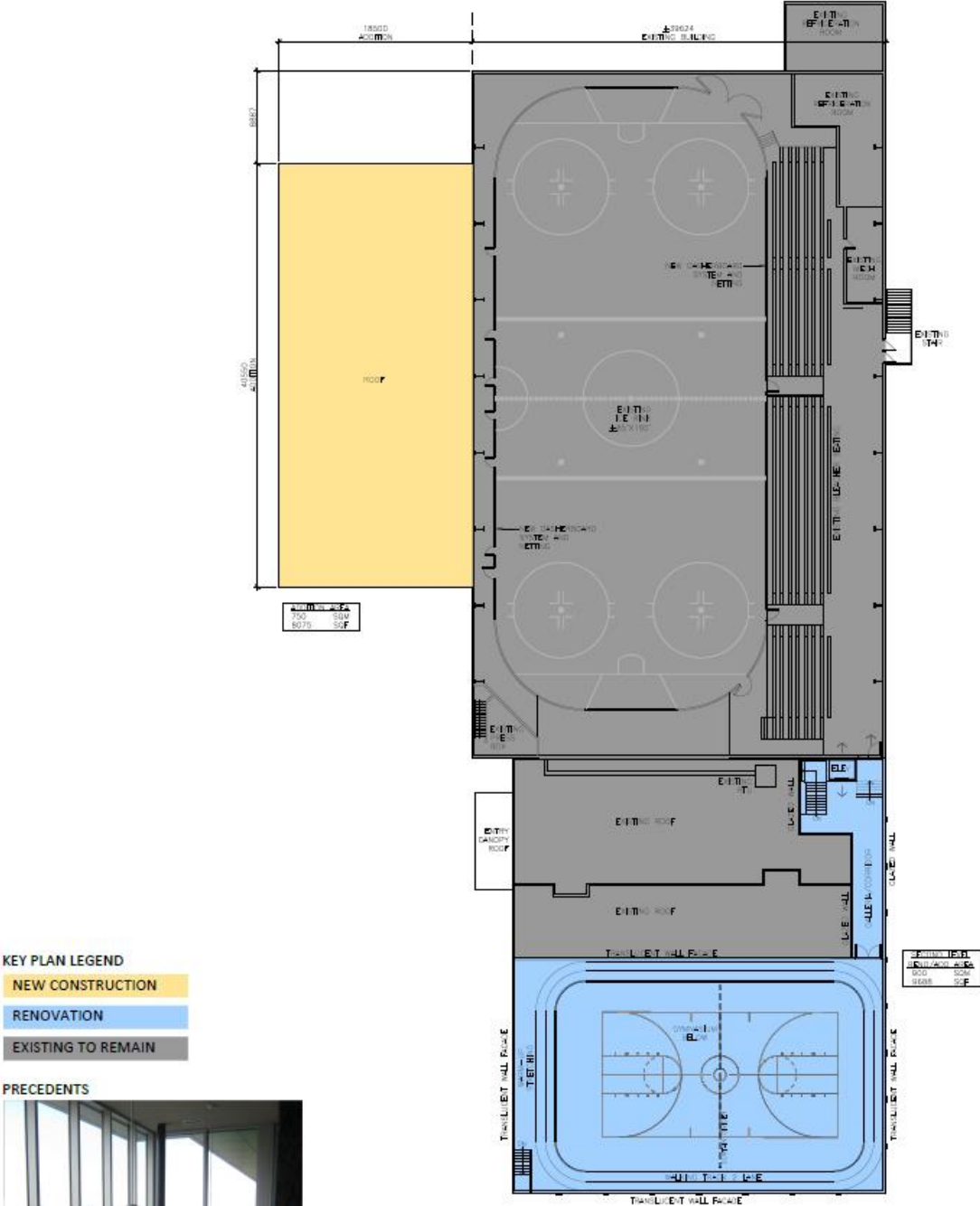


By utilizing the cost analysis model, the following provides a total project cost for the option to "Build Up", including the Multi-Purpose Room.

Upper Lever Multi-Purpose Room of 4,000 Sq. Ft. As Shown in the following drawings dated May 13, 2021: A1 Proposed Site Plan A2 Proposed Main Floor Plan A3 Proposed Upper Floor Plan – Option 1				
Construction Costs				
Area No.	Area Name	m2	Construction Cost	cost / m2
1	Changeroom Addition	750.2	\$2,682,366.89	\$3,575.54
2	Renovation & 2nd storey	2390	\$7,105,911.16	\$2,973.18
3	Renovation of Existing Arena		\$798,800.00	Lump Sum
4	Site Development		\$306,000.00	
5	Upgrades to Kitchen	53	\$107,200.00	\$2,022.64
A	Total Construction Cost		\$11,000,278.05	
Soft Costs Consulting Fees 10% \$1,100,027.80 Independent T&I Fees 1% \$110,002.78 FF&E 1% \$110,002.78				
B	Total Soft Costs		\$1,320,033.37	
	Total Project Cost (A+B)		\$12,320,311.41	

Concept Plan “Build Up” not including Multi-Purpose Room





By utilizing the cost analysis model, the following provides a total project cost for the option to "Build Up", not including the Multi-Purpose Room.

No Upper Level Community Room Multi- Purpose Room As Shown in the following drawings dated May 13, 2021: A1 Proposed Site Plan A2 Proposed Main Floor Plan A3.1 Proposed Upper Floor Plan – Option 2				
Construction Costs				
Area No.	Area Name	m2	Construction Cost	cost / m2
1	Changeroom Addition	750.2	\$2,682,366.89	\$3,575.54
2	Renovation & 2nd storey	1790	\$5,322,000.41	\$2,973.18
3	Renovation of Existing Arena		\$798,800.00	Lump Sum
4	Site Development		\$306,000.00	
5	Upgrades to Kitchen	53	\$107,200.00	\$2,022.64
Total Construction Cost			\$9,216,367.30	
Soft Costs				
	Consulting Fees	10%	\$921,636.73	
	Independent T&I Fees	1%	\$92,163.67	
	FF&E	1%	\$92,163.67	
B	Total Soft Costs		\$1,105,964.08	
Total Project Cost (A+B)			\$10,322,331.37	

Financial Considerations

It is understood that a project of this magnitude will require debt financing. As a result, there are a number of elements Council should consider related to debt financing. They are as follows:

- Current Debt Obligations
- Annual Repayment Limit
- Impact on Assessment

Current Debt Obligations

The Long Term Debt Summary is included on the following pages as of December 31, 2020.

The current outstanding is \$20, 260,515 with annual payments of \$2,029,036.22.

Annual Repayment Limit

The repayment limit has been calculated based on data contained in the 2019 Financial Information Return, as submitted to the Ministry. This limit represents the maximum amount which the municipality had available as of December 31, 2019 to commit to payments relating to debt and financial obligation. Prior to the authorization by Council of a long term debt or financial obligation, this limit must be adjusted by the Treasurer in the prescribed manner. The limit is effective January 01, 2021.

Based on the premise above, the estimated annual repayment limit (25% of net revenues less net debt charges) is \$2,721,791.

[illegible]



Ministry of Municipal Affairs and Housing
777 Bay Street,
Toronto, Ontario M5G 2E5

Ministère des affaires municipales et du logement
777 rue Bay,
Toronto (Ontario) M5G 2E5

2021 ANNUAL REPAYMENT LIMIT

(UNDER ONTARIO REGULATION 403 / 02)

MMAH CODE:	52407
MUNID:	40003
MUNICIPALITY:	South Huron M
UPPER TIER:	Huron Co
REPAYMENT LIMIT:	\$ 2,721,791

The repayment limit has been calculated based on data contained in the 2019 Financial Information Return, as submitted to the Ministry. This limit represents the maximum amount which the municipality had available as of December 31, 2019 to commit to payments relating to debt and financial obligation. Prior to the authorization by Council of a long term debt or financial obligation, this limit must be adjusted by the Treasurer in the prescribed manner. The limit is effective January 01, 2021

FOR ILLUSTRATION PURPOSES ONLY,

The additional long-term borrowing which a municipality could undertake over a 5-year, a 10-year, a 15-year and a 20-year period is shown.

If the municipalities could borrow at 5% or 7% annually, the annual repayment limits shown above would allow it to undertake additional long-term borrowing as follows:

5% Interest Rate		
(a)	20 years @ 5% p.a.	\$ 33,919,526
(a)	15 years @ 5% p.a.	\$ 28,251,255
(a)	10 years @ 5% p.a.	\$ 21,016,945
(a)	5 years @ 5% p.a.	\$ 11,783,928
7% Interest Rate		
(a)	20 years @ 7% p.a.	\$ 28,834,687
(a)	15 years @ 7% p.a.	\$ 24,789,834
(a)	10 years @ 7% p.a.	\$ 19,116,718
(a)	5 years @ 7% p.a.	\$ 11,159,878

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT (UNDER ONTARIO REGULATION 403/02)			
MUNICIPALITY:	South Huron M	MAAH CODE:	52407
Debt Charges for the Current Year			1
			\$
0210	Principal (SLC 74 3099 01)		960,155
0220	Interest (SLC 74 3099 02)		1,014,638
0299	Subtotal		1,974,793
0610	Payments for Long Term Commitments and Liabilities financed from the consolidated statement of operations (SLC 42 6010 01)		0
9910	Total Debt Charges		1,974,793
Amounts Recovered from Unconsolidated Entities			1
			\$
1010	Electricity - Principal (SLC 74 3030 01)		0
1020	Electricity - Interest (SLC 74 3030 02)		0
1030	Gas - Principal (SLC 74 3040 01)		0
1040	Gas - Interest (SLC 74 3040 02)		0
1050	Telephone - Principal (SLC 74 3050 01)		0
1060	Telephone - Interest (SLC 74 3050 02)		0
1099	Subtotal		0
1410	Debt Charges for Tile Drainage/Shoreline Assistance (SLC 74 3015 01 + SLC 74 3015 02)		80,079
1411	Provincial Grant funding for repayment of long term debt (SLC 74 3120 01 + SLC 74 3120 02)		0
1412	Lump sum (balloon) repayments of long term debt (SLC 74 3110 01 + SLC 74 3110 02)		0
1420	Total Debt Charges to be Excluded		80,079
9920	Net Debt Charges		1,894,714
			1
			\$
1610	Total Revenue (SLC 10 9910 01)		22,594,630
Excluded Revenue Amounts			
2010	Fees for Tile Drainage / Shoreline Assistance (SLC 12 1850 04)		21,325
2210	Ontario Grants, including Grants for Tangible Capital Assets (SLC 10 0699 01 + SLC 10 0810 01 + SLC 10 0815 01)		2,877,811
2220	Canada Grants, including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01)		900,852
2225	Deferred revenue earned (Provincial Gas Tax) (SLC 10 830 01)		0
2226	Deferred revenue earned (Canada Gas Tax) (SLC 10 831 01)		0
2230	Revenue from other municipalities including revenue for Tangible Capital Assets (SLC 10 1098 01 + SLC 10 1099 01)		282,178
2240	Gain/Loss on sale of land & capital assets (SLC 10 1811 01)		0
2250	Deferred revenue earned (Development Charges) (SLC 10 1812 01)		69,116
2251	Deferred revenue earned (Recreation Land (The Planning Act)) (SLC 10 1813 01)		0
2252	Donated Tangible Capital Assets (SLC 53 0610 01)		0
2253	Other Deferred revenue earned (SLC 10 1814 01)		0
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01)		0
2255	Other Revenue (SLC 10 1890 01 + SLC 10 1891 01 + SLC 10 1892 01 + SLC 10 1893 01 + SLC 10 1894 01 + SLC 10 1895 01 + SLC 10 1896 01 + SLC 10 1897 01 + SLC 10 1898 01)		-22,670
2299	Subtotal		4,128,612
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged		0
2610	Net Revenues		18,466,018
2620	25% of Net Revenues		4,616,505
9930	ESTIMATED ANNUAL REPAYMENT LIMIT (25% of Net Revenues less Net Debt Charges)		2,721,791

* SLC denotes Schedule, Line Column.

Impact on Assessment

For **illustration purposes** below is the information on the tax impacts based on debt amounts of \$4M - \$12M based on a 30 year debenture at rate of 3.10%.

It should be noted that any changes in assessment whether from re-assessment or growth and changes in tax ratios will have an impact on the tax increase per class.

The following Table shows the impact based on average assessment based assessment class listed:



The following Table shows the impact based on \$100K of assessment and the average assessment per class listed:

Loan Amount	Annual Debt Payment	Annual Tax Increase							
		Residential		Farm		Commercial		Industrial	
		Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
	(assessment -->)	100,000		100,000		100,000		100,000	
\$4M	\$206,800	\$ 17.32	\$ 18.53	\$ 4.33	\$ 4.63	\$ 19.05	\$ 20.39	\$ 19.05	\$ 20.39
	(Average assessment -->)	286,900		1,180,246		322,020		440,551	
\$4M	\$206,800	\$ 49.69	\$ 53.18	\$ 51.11	\$ 54.69	\$ 61.35	\$ 65.65	\$ 83.94	\$ 89.82
	(assessment -->)	100,000		100,000		100,000		100,000	
\$5M	\$258,500	\$ 20.62	\$ 21.83	5.16	5.46	22.68	24.01	22.68	24.01
	(Average assessment -->)	286,900		1,180,246		322,020		440,551	
\$5M	\$258,500	\$ 59.15	\$ 62.64	\$ 60.84	\$ 64.42	\$ 73.04	\$ 77.33	\$ 99.92	\$105.80
	(assessment -->)	100,000		100,000		100,000		100,000	
\$6M	\$310,000	\$ 23.90	\$ 25.12	\$ 5.98	\$ 6.28	\$ 26.29	\$ 27.63	\$ 26.29	\$ 27.63
	(Average assessment -->)	286,900		1,180,246		322,020		440,551	
\$6M	\$310,000	\$ 68.58	\$ 72.06	\$ 70.54	\$ 74.11	\$ 84.67	\$ 88.97	\$115.84	\$121.72
	(assessment -->)	100,000		100,000		100,000		100,000	
\$8M	\$413,500	\$ 30.51	\$ 31.72	\$ 7.63	\$ 7.93	\$ 33.56	\$ 34.89	\$ 33.56	\$ 34.89
	(Average assessment -->)	286,900		1,180,246		322,020		440,551	
\$8M	\$413,500	\$ 87.52	\$ 91.00	\$ 90.02	\$ 93.59	\$108.06	\$112.35	\$147.83	\$153.71
	(assessment -->)	100,000		100,000		100,000		100,000	
\$10M	\$516,900	\$ 37.10	\$ 38.31	\$ 9.28	\$ 9.58	\$ 40.81	\$ 42.15	\$ 40.81	\$ 42.15
	(Average assessment -->)	286,900		1,180,246		322,020		440,551	
\$10M	\$516,900	\$ 106.44	\$109.92	\$109.48	\$113.05	\$131.42	\$135.72	\$179.79	\$185.67
	(assessment -->)	100,000		100,000		100,000		100,000	
\$12M	\$620,200	\$ 43.69	\$ 44.90	\$ 10.92	\$ 11.23	\$ 48.06	\$ 49.39	\$ 48.06	\$ 49.39
	(Average assessment -->)	286,900		1,180,246		322,020		440,551	
\$12M	\$620,200	\$ 125.35	\$128.83	\$128.92	\$132.49	\$154.76	\$159.06	\$211.72	\$217.60

Other Considerations

When determining next steps, Council should not assess a proposed project in isolation, but ensure that a holistic analysis is conducted through a governance lens and a representative lens. Some considerations for Council include/but should not be limited to:

- Current/Future capital expenditures/pressures. For example, we currently are undergoing a Fire Master Plan and State of Road Infrastructure Study. In addition, Council has committed to retaining the Stephen Arena which will require a yet to be determined amount for investment.
- Operational impacts. For example, future fleet management planning could be restricted related to leasing vs. purchasing. Leasing has to be taken into account as part of debt capacity.
- Future impacts on property assessment. Ontario announced that property assessments will be frozen again in 2022. What does that mean for post-2022?

- As stated in a previous study conducted, the opportunity for fundraising is soft without a definitive project.
- The tax implications can be phased over a two year period due to the nature of the project scope and financing.
- Community expectations. Discussions regarding the SHRC, be it new build or renovation have gone on for a considerable period of time.
- From an inclusivity and diversity perspective, the current facility i.e. dressing rooms do not meet standards.
- It is unlikely that costs will decline for such a project based on supply chain issues and COVID-19.
- The availability of future grants is undetermined at this time.

Summary

These findings are respectfully submitted to Council for consideration. It is hoped that this information will assist Council in deliberations regarding the order of magnitude and cost analysis at this point in time.