



## The Corporation of the Town of Tecumseh

Parks & Recreation Services

**To:** Mayor and Members of Council

**From:** Paul Anthony, Director Parks & Recreation Services

**Date to Council:** September 8, 2020

**Report Number:** PRS-2020-25

**Subject:** Tecumseh Multi-Use SportsPlex Next Steps

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### Recommendations

It is recommended:

**That** Report PRS-2020-25 Tecumseh Multi-Use SportsPlex Next Steps **be received;**

**And that** Council **authorize** Administration to engage the services of SportsPlex project architect, CS&P to undertake the analysis and costing for all three options as provided in this report and report back with applicable outcomes when they are known;

And further that, Council **authorize** the use of the Infrastructure Reserve to fund the architectural services to undertake the analysis, estimated in the amount of \$65,000;

**And further moreover that** Council **suspend** the Tecumseh Multi-use Sportsplex Fundraising Program until a determination is made on the future of the project.

### Executive Summary

The purpose of this report is to provide Council with information regarding options to move forward with the Multi-Use SportsPlex. Assuming a go-forward direction on the project, options presented in this report include:

1. Maintain the Multi-use SportsPlex project proposal in a state of readiness for another grant opportunity from senior levels of government;
2. Undertake a design and cost analysis of a phased approach to the total project proposal, such that components would be built over time;

3. Undertake a design and cost analysis of a reduced project proposal.

Under any of these three options, the Town can proceed with the Hôtel-Dieu Grace Healthcare (HDGH) project, subject to Council's approval of an agreement with HDGH.

Analysis of all three options will require the assistance of the architects and a report back to Council with the outcomes.

While the analysis is underway, it is further recommended that the fundraising program be suspended, pending further direction from Council on the project.

## Background

At the June 24, 2019 Regular Meeting of Council, the members considered the Multi-Use Sportsplex – Updated Design, Costing, Funding, and Fundraising in report PRS 2019-09 and passed Motion (RCM-15/19) which reads as follows:

**That** the Town of Tecumseh authorize staff to proceed with Multi-Use SportsPlex Option A, as presented by CS&P Architect and apply to the Investing in Canada Infrastructure Program (ICIP) grant program;

**And that** the project final design, construction documents, tendering and completion of the construction commence upon securing the following sources of funding:

- 27% from Municipal reserves, debt financing, proceeds from fundraising;
- 73% from senior levels of government through the ICIP grant program (application pending);

**And further that** fundraising as per Option 1, be established to create a fundraising program and commence fundraising for the project;

**And furthermore that** upon final project funding commitment and approval, a contract project manager be secured to oversee the project from final design, construction drawings, tendering award of construction contract and final completion of the project, with associated costs referred to the 2020 budget cycle;

**And further moreover that** administration be authorized to negotiate with Hôtel-Dieu Grace Healthcare (HDGH) an agreement for the construction of a cardio rehabilitation centre addition to the project, inclusive of exterior construction and services and interior finishes, fixtures and furnishings, at HDGH's cost, along with an annual operating lease agreement for Council's consideration.

As directed through motion (RCM-15/19), Administration prepared and submitted an application to the ICIP Community, Culture and Recreation Stream on November 8, 2019, for the Multi-Use SportsPlex project for a total value including architect fees of \$54,615,208.

On July 14, 2020, through motion (RCM – 212/20), Council authorized execution of the Letter of Intent between Hôtel-Dieu Grace Healthcare and the Town to construct a Cardiac Wellness and Pulmonary Rehab Satellite Facility attached to the arena facility.

On Friday, August 7, 2020, the Town of Tecumseh received correspondence from the Province of Ontario Ministry of Infrastructure office indicating that the Town's project was not nominated for federal review and approval (Attachment 1). Without the support of senior government funding, Administration is reviewing alternative options for the SportsPlex for Council's consideration.

## Comments

Due to the magnitude of the proposed SportsPlex project, Council's earlier decision to proceed was contingent on a successful application to the ICIP program, which would have provided 73% funding or approximately \$39.9M, leaving the Town to finance the remaining \$14.7M. The ICIP program was one-of-kind and other like programs are not available at this time. Assuming a go-forward direction on the project, options for Council's consideration at this time include:

1. Maintain the Multi-use SportsPlex project proposal in a state of readiness for another grant opportunity from senior levels of government;
2. Undertake a design and cost analysis of a phased approach to the total project proposal, such that components would be built over time;
3. Undertake a design and cost analysis of a reduced project proposal;

Under any of these three options, the Town can proceed with the HDGH project, subject to Council's approval of an agreement with HDGH.

### Option 1: Full Build-Out

The proposed SportsPlex project was designed reflective of the following components;

- Renovations and expansion to the existing arena facility, including the HDGH Cardiac Rehab Centre, gymnasium, walking track, change rooms, new administration office space, and renovations to the canteen;
- Community programming expansion including multiple rooms for programming and rentals, change rooms for the indoor turf facility and greenspace between the existing arena and the expanding space;
- Upgrading the diamond at McAuliffe Park with artificial turf to compensate for the loss of Hebert Field due to the indoor soccer fieldhouse;
- Indoor FIFA sized soccer fieldhouse;
- Underground storm water management system and expansion of the parking lot.

The design and costing of the SportsPlex was for a complete buildout inclusive all of the above components, and in 2019 was estimated at \$54.6M. As previously mentioned, there are no other funding programs currently available for the project and it will continue to face construction price escalation over time. Even since the pandemic began earlier this year, construction prices have increased substantially. It is our understanding (unofficially) that these large-scale projects were not received favourably in the ICIP competition and that may continue to be an issue going forward, should another grant opportunity become available.

Under this option, the architects will provide the Town with an updated costing of the total project buildout which will be reported out to Council.

## **Option 2: Phased Approach**

Undertaking a phased in approach of the total project would require additional design work as the current design is reflective of a total buildout with a number of internal components integrated together. By way of a couple of examples, some existing internal walls will now become outside walls and mechanical and electrical systems in the current design are all integrated into one system and one mechanical room and would have to be redesigned to meet the requirements of each individual phase. Ensuring the design allows for the future integration of all planned components would be essential under this option in order to maintain the original total SportsPlex project outlined above.

Under this option, the following steps would be required with the assistance of the architects:

1. Redesign the SportsPlex allowing for the components highlighted in Option 1 Full Build-Out, to be phased in over time, ensuring the components would be fully integrated when the full SportsPlex is completed.
2. Update individual SportsPlex component cost estimates, highlighted in Option 1 Full Build-Out. Existing prices were all received prior to COVID-19 and indications are construction costs have risen substantially since March 2020.
3. Upon receiving updated design considerations and cost estimates, provide Council with a report, including options to fund/finance the various components over time. It may be possible to access government grant opportunities for components of the project as there are preliminary indications of post-COVID infrastructure funding to assist with economic recovery.

## **Option 3: Reduced Project Scope**

As above with Option 2, the architects could be requested to undertake a design and cost analysis of a reduced project. Direction from Council would be sought regarding what project component(s) could be reviewed under this option. The steps set out in Option 2 would be undertaken for the reduced project scope and reported to Council.

## **Estimated Cost and Timing**

High level estimated architect costs associated with undertaking an update of the cost for Full Build-Out (Option 1), design and cost a phased in approach (Option 2) and design and cost a reduced project scope (Option 3) are \$65,000. It is expected that these costs will be borne solely by the Town. The architects have estimated that this analysis could be completed within 3 to 4 months.

## **Effect on Fundraising Program**

Part of the Town's funding application for the SportsPlex project included a commitment to raise a minimum of \$4M through a community fundraising program. The fundraising program was designed to seek individual and corporate donations as well as selling naming rights of various components of the facility.

As noted above, the architects will need 3 to 4 months to complete the analysis of the options and additional time to report and present the outcomes to Council for consideration. As such, it will be difficult to continue with the Community Fundraising Program at this time as uncertainty of the final facility components does not allow for the program to be productive and provide potential donors with a sense of what they may be investing in.

It is recommended at this time that the Community Fundraising program be suspended until a future direction on the SportsPlex project is confirmed, at which time it could be restarted. The co-chairs, Mark and Jane Renaud, have been consulted on this recommendation and concur. On Council's direction, Administration will contact the co-chairs to confirm.

## **Consultations**

Chief Administrative Officer  
Financial Services  
Parks & Recreation Services

## **Financial Implications**

Costs incurred to date include \$105,164 towards the Sportsplex Feasibility Study and \$580,010 towards Sportsplex Design for a combined total of \$685,174.

Funding to date has come from the Town's Infrastructure Reserve and Tax Rate Stabilization Reserve by way of allocations approved from the following Council reports:

- PRS 15/15 - \$100,000 towards Feasibility Study – Infrastructure Reserve
- PRS 16/16 - \$50,000 additional towards Feasibility Study, balance carried forward to be used towards Design – Infrastructure Reserve
- PRS-2018-18 - \$400,000 towards Design – Tax Rate Stabilization Reserve
- PRS-2020-01 - \$166,262 additional towards Design – Infrastructure Reserve

Estimated architectural costs to update cost for full build out, undertake the design and cost for a phased in approach, and design and cost a reduced project scope are \$65,000.

Funding for additional architectural costs, if desired by Council, is recommended to come from the Infrastructure Reserve. The Infrastructure Reserve is primarily used to fund new capital assets.

The New Infrastructure Levy (NIL), which commenced in 2015 as an annual budgetary funding allocation towards the Infrastructure Reserve, is \$1,550,000 for 2020 with an annual target allocation of \$2,350,000.

The NIL annual target allocation is based on projects identified in the Town’s 2019 Development Charge Study plus an allocation to fund debt servicing costs of the Sportsplex. Of the \$2,350,000 annual target allocation, \$550,000 is for Sportsplex debt servicing costs.

### Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
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- Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
- Ensure that Tecumseh’s current and future growth is built upon the principles of sustainability and strategic decision-making.
- Integrate the principles of health and wellness into all of Tecumseh’s plans and priorities.
- Steward the Town’s “continuous improvement” approach to municipal service delivery to residents and businesses.
- Demonstrate the Town’s leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

### Communications

Not applicable

Website  Social Media  News Release  Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Paul Anthony, RRFA  
Director Parks & Recreation Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

**Attachment  
Number**

**Attachment  
Name**

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Investing in Canada Infrastructure Correspondence