

Questions and Answers

South End Community Centre Implementation Strategy Report – Council Information Sessions February 28 and March 2, 2023

Budget

Looking at the big three capital projects - South End Community Centre (SECC), Baker District Redevelopment, Guelph Transit and Fleet Services facility – what’s the comfort in moving forward with all three? Why should we move forward with SECC now?

There are a number of items that distinguish these projects from one another, including the funding model for each project: growth funded, grant funded, and infrastructure reserve funded.

The original SECC triggered the inflationary impacts report, and staff through its delegated authority, delayed \$38M in projects to help fund these high priority projects while also utilizing the City’s asset management plan to ensure we are meeting our infrastructure renewal requirements.

There is a natural pace and capacity for completing these projects.

The Operations Facilities Long-Term Plan is still in the conceptual stages.

What is the tax-payer amount vs revenues for the SECC?

- Tax impact is small with 95% being funded from Development Charges
- No recreation centres generate profit; they are subsidized services to the community

Is the \$115.M an all-in budget including soft costs and contingency, as the \$121M tender price did not include these costs?

- Yes, this is the proposed overall budget. As per the report, the \$121M, with soft costs and contingencies would have been a project price of approximately \$129M.

How will this budget ask affect taxes?

- Long term strategy of having capital reserves to absorb big projects and smoothing out the impacts.
- There is no net tax impact for 2023 with this as it is being funded from the reserve fund.

What is the contingency for the project?

- 5% is the planned contingency after re-design heading into construction. Staff are comfortable with this number given that we are working with the General Contractor in development of the tender packages, and that this is a new build.

Does this mean Baker / Library will be coming back to council over budget as well now?

- Right now we are preparing to go to tender with our construction manager on the Library. The two projects have been in uniquely different situations during the impacts of the past year. Staff, along with the Baker project team have been able to mitigate the impacts of inflation on the project, and while the budget is tight, the project is currently proceeding within the original budget.

Construction Management

What is the difference between a general contractor and a construction manager?

- The construction manager for the SECC was brought on to help with the value engineering process for the SECC. The Construction Manager becomes the general contractor during the construction phase. This contract was completed through a competitive RFP where the construction manager bid their general management fees competitively.
- The construction management process has shared risk, and the contracting style is meant to bring the team together more collaboratively to find common solutions to problems instead of having the contractor take on all the risk and have the process be adversarial.
- The actual costs of constructing the project is broken out into sub-tenders which are competitively procured, meaning that the project is still competitively bid. The construction manager provides the role of a General Contractor and is responsible for the general conditions and administration of the contract.
- Through this process the financials for the construction manager are open book and there are no hidden costs.

Are we at more risk since there isn't one all-in price?

- The contracts are set up as we need firm pricing for a large portion of the works including major trades such as site servicing, excavation, foundations, structural steel, mechanical, electrical, etc. prior to proceeding with the construction of the building
- The remaining financial risk is with smaller items, working towards budgets on those smaller items that may not make sense to tender at the start of a project (e.g. final landscaping / paving) where contractors would be pricing in risk for carrying items scheduled to be completed in 3 years.
- All items are still competitively tendered no matter what time in the process they are tendered and awarded.
- The general contractor is not as motivated by finding change orders in the contract since there is not a large benefit to the construction manager to do so which is a key difference from a lump sum.

What are the mechanisms for accountability with a construction manager? Aren't we more at risk for costs?

- The contract for SECC is set up so that we are bidding and getting fixed pricing from sub-trades for the majority of the work up front (approximately 80% of the pricing, major trade packages).
- Change orders for the project still go through a similar process and are vetted by a consultant. Trade tenders are a fixed lump sum.

Who is the project team and are we comfortable with them?

- Aquicon is the construction manager with MJMA as the consultant. Staff have positive experience with the Construction Manager in the past and MJMA / Aquicon have worked together on many recreation projects in the past to successfully implement the project.

Programming and Amenities

Are there any programming or amenity changes from the previously approved SECC?

- No, there are no programming changes from what was previously presented and approved by council.

What is the programming in the SECC? Is it similar to other recreation centres in the City?

- Yes, it is similar to other recreation centres in the City. Council previously approved the SECC amenities to include a twin ice pad, gymnasium, arena, and multi-purpose rooms.

Will there be a therapy pool built at the SECC?

- No

Will there be more space in the change rooms for families compared to Victoria Road Recreation Centre?

- A universal design approach has been used on the pool washroom / changerooms that families can use including multiple family sized change rooms and individual sized change rooms to meet the needs of the community and families.

With the removal of the rear courtyard from the design are there any plans to replace this amenity with something else on site?

- Since the site acts like more of a campus with Bishop Macdonell Catholic High School and the Larry Pearson Ball Diamonds / South End Park, there are plenty of outdoor amenities at the site that could be utilized in a similar fashion to the rear courtyard, so there are no plans to replace the amenity.

Can the pool be changed to a saltwater pool?

- A saltwater pool can be installed however staff are unfamiliar with the requirements for saltwater and initial research indicates there would be an increased operational cost.
- A saltwater pool would also be more costly up front at this point and potentially delay the project while staff learn about the technologies, compliance with public health and understand operational issues, and include into the design. For these reasons it is recommended to not install a saltwater pool.
- A saltwater pool is still a chlorine pool, utilizing electrolysis to create chlorine from the salt.

Other questions:

Can we delay another year and see how the market does? Do we think pricing will be better in a year's time?

- Staff do not have a crystal ball and cannot predict future market conditions, however some notable impacts into future trends may include
 - Bill 23 and the expectation for Guelph to build 18,000 Holmes, some of these trades will be the same people building the SECC
 - Other market sectors are increasing to offset slowdowns
- Historically costs have never gone down.
- This facility is a need and has been a need for the past 20 years; we need to address this need and meet the council approved recreation master plan.

Could we put affordable housing on the SECC site?

- This would significantly delay the SECC project and require a new site plan and all new approvals, zoning changes, and directly impact capital costs for the SECC proper.

Are we still meeting Net Carbon Zero?

- Yes, the Net Carbon Zero standard was updated to Version 3 which benefits projects such as the SECC with equipment such as pools and hockey arenas.

Why didn't we do Value Engineering before and should we be doing this on projects going forward?

- In the past when this project was originally approved, construction costing was stable with predictable increases, since 2020 we have not had the same market so having the contractor input during design has now become more critical. Going forward this is something staff will consider for projects when and where it is most beneficial or required.

Are there recycled materials being used? Is there a list available?

- Yes, there are recycled materials being used. Staff can collate a final list that will take time, but some examples include:
 - Recycled Asphalt

- Structural Steel: 75% minimum recycled content for electric arc furnace Steel / 20% minimum recycled content for hollow structural steel sections.
- Concrete: Recycled content includes requirements for recycled fly-ash, slag or aggregate.
- Steel metal decking: 20% recycled content
- Acoustic subfloors: 20% recycled content