



## BUSINESS PLAN FOR THE RENEWAL OF S.G. NESBITT MEMORIAL ARENA

### Introduction

The Township of Minden Hills retained Greer Galloway Consulting Engineers to complete a Visual Inspection Report of The S.G. Nesbitt Memorial Arena located at 55 Parkside Street, Minden in May 2014 to determine the structural integrity of the building and condition of the mechanical, electrical and building envelop components. The original arena structure was constructed in 1972 and its life cycle is over-due for major rehabilitation.

In summary the inspection report noted in brief, the following:

- Building generally in fair condition with no major structural deficiencies
- Interior is dated and should be upgraded to improve quality of facility
- New energy efficient systems recommended throughout
- Replacement of exterior walls
- Replace flooring and finishes
- Roof replacement
- Upgraded ventilation system
- New ice plant and piping system
- New dasher boards, glass, seating, insulation
- Change Room modifications/addition
- Accessibility improvements
- Parking lot resurfacing
- \$2.4 million (2014) suggested to facilitate renewal of existing
- Closure of facility estimated to be 7-8 months

In 2015, Council appointed the Arena Task Force to work with Staff to begin the process of developing renewal options, consideration of contemporary services and design, and financial implications. An initial timeline of April to December 2018 is envisioned to start and complete a major renewal project for the Arena. In advance of, consultation, planning, financing and construction preparations are to be undertaken.

In the meantime, recent improvements completed to date or planned include:

- New stage risers for Hall \$7,000.00
- New arena score clock \$10,000.00
- New Olympia ice resurfacer \$72,000.00
- New tables for hall/auditorium \$7,000.00
- Canada 150 projects in 2016/2017– lobby flooring replacement, interior and exterior digital message boards, oil furnace replacement to high efficiency

propane – Community hall improvements to include flooring and ceiling tile replacement, upgraded washrooms, kitchen, doorways, lighting, heating, fire alarm upgrades. \$245,000.00

To date the Arena Task Force has:

- Reviewed the Inspection Report and observed the current condition and issues of facility with staff
- Reviewed energy efficient technology/services for ice plant and LED lighting
- Arranged tours of the following Central Ontario communities where arena facilities have been recently built new or undergone major renovations:

- Fenelon Falls Community Centre

Observation: Accessibility good; overbuild on plant room, hot water tanks and kitchen; no heat recovery system; no LED lighting; blend of old and new technology; energy retrofits were being considered on 5 year old building.

- North Kawartha Community Centre (Apsley)

Observation: Grandest of 4 places toured. Completely new from ground up including \$1 million for site preparations. A \$12 million facility that is under used. The ice plant is the new Eco-Chill system from CIMCO. Excellent fitness room, hall, and kitchen.

- Ennismore Community Centre

Observation: This is the best example of renovation that is possible here. Small parking lot and plant room. Service bay for Olympia room has awkward angle to enter/exit ice surface. Addition of new dressing rooms and access viewing area impressive - \$1.5-2 million

- Lakefield Community Centre

Observation: an example of spending \$2.1 million and only having the front entrance to show for

- Considered other major items such as – provision of gymnasium, construction of indoor community pool, partnerships with other community institutions – School Board, HHHS
- Developed three obvious Renewal Options for Stakeholder Consultation
- Developed this Business Plan in support of selecting a preferred Option for recommendation to Stakeholders and Council

### **Need for Facility Renewal**

The idea is to provide a multi-use recreation facility that would both broaden the range of recreational activities that are available to residents, as well as to replace aging facilities with ones that are more contemporary in their features, have enhanced energy efficiencies, reduced reinvestment requirements, and would continue to provide a community hub for recreation services delivery in the community.

Reducing energy operating expenses and potential insurance liabilities going forward is very important to working with limited financial resources and achieving sustainable operations.

The renewal/replacement of aged infrastructure on a planned schedule (Asset Management Plan) is key to avoiding a system failure and emergency closure of facility, similar to what happened in Haliburton. As well taking advantage of today's low interest rates to finance large portions of major capital investments such as this is prudent.

An assessment of the current layout of the arena with the dressing rooms being located at the front of the facility and the Community Service Department offices located on the far side of the facility is not an optimal configuration as participant and spectator contact occurs regularly as ice users transit through the lobby to the ice surface and the public has a hard time finding the CSD offices as well as gaps in supervision of facility by staff.

The Community Hall portion of facility with its low ceilings and hard floors is not conducive to various recreational sports and fitness activities/programs.

The Township has experienced a number of brine leaks due to cracking and other concerns. See Greer Galloway Inspection Report for a more comprehensive inventory of facility structural needs.

### **Phasing possibilities**

- Addition of new Dressing Rooms/CSD Offices/Fitness Room
- Addition of Gymnasium/Theatre
- Addition of Indoor Pool

### **Renewal Options**

In its deliberations to date, the Arena Task Force suggests the following renewal options the residents of Minden Hills may wish to consider, give support and direction on to Council.

Option A) Repair existing facility \$3 million (\$2.4 million in 2014)

- Dated design, functional issues, use restrictions
- Potential for increased liabilities
- Increasing operating costs – old technology and rising energy costs

Option B) Renovate facility with design/amenity enhancements – up to \$6.6 million

- Newest energy efficient ice plant, lights and HVAC/recovery systems
- Improved accessibility, safety and fire suppression systems
- Single sided seating
- Centering of time/score keeper and penalty boxes
- Addition of new dressing rooms for teams, girls, referee's
- Addition of fitness/recreation room
- Movement of CSD offices to front of arena
- Enlarged Operator/Staff room – currently services up to 6 staff
- Repurposing of old dressing rooms into enlarged storage rooms, pro-shop

- Extend life of facility 30+ years while improving design and functionality

Option C) Replace with totally new facility \$10-12 million

- Major site interruptions, extended time without facilities/programs
- Limited growth does not support
- Beyond current financial capability of municipality and taxpayers

## **Community Demographics**

- Population - 5655 residents – 2011 up 1.8% from 2006
- Occupied Dwellings - 2490
- Mean Age - 53.5 Province 40.4
- Families - 1800
- Children - 1235 down 11% 2011 from 2006
- Average family income \$53,000 or \$16,000 below Provincial Average
- Unemployed – 4.5%

## **Facility Statistics**

- Serves as base for Community Services Department – Parks, Arena, Cemetery Operations and as a multi-purpose community hub and Emergency Operations and Evacuation Centre
- Hall Capacity up to 647 - is one of the best and largest in the County
- Favorite among hockey tournaments
- Space for additions to facility, ample parking  
Housing development underway surrounding facility
- 180x85 ft ice pad
- 500 capacity in stands
- 500 capacity on floor
- Total available hours of ice 3300 or 16 hours/day x 30 weeks
- % of ice time in use Prime, Non-prime
- 2016 Annual Arena/Community Centre Overall Budget = \$349,660.00 deficit
- Facility Annual Energy Costs – oil/propane/electricity = \$112,000.00
- Parks operating costs/total costs per resident \$35.73
- Recreation Programs Operating costs/total costs per resident \$38.35
- Recreation Facilities operating costs/total costs per resident \$90.39

## **Potential Additional Facility Amenities**

The following amenities have been suggested in community discussions to potentially be part of a renewed facility:

- Fitness Room (no fitness centre within Minden) – cannot be ideally provided within current Community Hall

- Gymnasium – provide indoor sport courts that cannot be ideally provided within current Community Hall
- Indoor Pool – ongoing campaign with County Swimming Pool Initiative - concerns expressed in regards to an aquatic facility due to its operating and capital costs and debate over potential location with Haliburton County.

### Project Capital Cost Estimates for Option B:

Description of Work	Budget Estimate
New Change Rooms/Office/Fitness addition	\$2,000,000.00
Ice plant system	\$1,200,000.00
Arena flooring/boards/glass	\$800,000.00
Park lot resurfacing	\$400,000.00
Roof replacement	\$250,000.00
Wall replacement	\$100,000.00
Accessible Elevator	\$100,000.00
Flashing/insulation	\$60,000.00
Ventilation upgrade	\$50,000.00
LED lighting	\$40,000.00
20% Contingency	\$1,000,000.00
<b>Subtotal</b>	<b>\$6,000,000.00</b>
Engineering/Architectural Design	\$300,000.00
Contract Admin/Inspections	\$200,000.00
<b>Total</b>	<b>\$6,500,000.00</b>

### Challenges

- Availability of Infrastructure Funding
- Current state of economy
- Limited population/assessment growth
- Donor fatigue
- Rising OPP costs and tax implications
- Phasing

### Project Financing and Development Alternatives

#### Financing

- Reserves – Township – Report to Council seeking direction – May 12
- Debenture – Infrastructure Ontario Loan – see Property Tax impacts
- New Building Canada Fund – Infrastructure Funding – details yet to be announced
- Ontario Trillium Foundation – Capital Funding Stream (currently suspended)

- Kraft Heinz Project Play \$250,000 Competition by nomination due June 12, 2016
- Kraft Hockeyville \$150,000 Competition by nomination due February 2017
- Community Fundraising Campaign – Goal \$2,000,000.00?
  - Partner with Community Organization with Charitable Status to host fund raising events
  - Crowdfunding – online donations
  - Corporate Sponsorship
  - Focus of Task Force or establish Fund Raising Committee?

### Property Tax impacts

Increasing OPP Policing costs (beyond control of municipality) continue to be the largest portion of municipal tax increases. The pending renewal of the arena and future new fire hall are the major capital investments facing the municipality within the next 2-3 years.

The 2016 budget (similar to 2015) includes a contribution to reserves that will be converted to a debenture payment upon completion of the anticipated renovations/upgrades to the Arena/Community Centre. This expenditure, in the amount of \$120,000, is included in the Treasury Department (1-4-1140000-6030).

The following summary outlines various loan amounts, years of repayment and annual payment amounts. The summary also includes the current shortfall and the required budget percentage increase, based on the 2015 levy. These calculations have been determined based on information made available on the Infrastructure Ontario website.

Loan Amount	Period (Years)	Annual Payment -			
		3.5% Interest	Current Budget	Variance - \$	% of 2015 Levy
4 Million	30	216,400.00	120,000.00	96,400.00	1.53%
	25	241,400.00	120,000.00	121,400.00	1.93%
3.5 Million	30	189,400.00	120,000.00	69,400.00	1.10%
	25	211,200.00	120,000.00	91,200.00	1.45%
3 Million	30	162,400.00	120,000.00	42,400.00	0.67%
	25	181,000.00	120,000.00	61,000.00	0.97%
2.5 Million	30	135,200.00	120,000.00	15,200.00	0.24%
	25	150,800.00	120,000.00	30,800.00	0.49%

### Development Methods

Conventional - This is a widely used Alternative for municipal buildings, especially in the recreation area. It involves the retaining of an architect who undertakes a design in collaboration with the community, along with construction drawings and supervision. Public tenders are called and a construction firm is selected. The financing is via the owner which is typically the municipality which can use a broad base of sources, such as reserves, development charges, debt financing, community fundraising, corporate sponsorships/naming and other capital funding sources.

The day to day operations are the responsibility of the owner which would be the municipality similar to how the arena currently operates.

This Alternative essentially makes the Municipality the project manager, though architects are delegated a number of these responsibilities. Each phase of the development process retains the specialist required for that phase, such architectural, construction, etc.

This is the most common and long standing methodology and gives the Municipality, as owner, the most control over the design and construction process as they have to approve the designs, construction change orders, etc. The Municipality is reliant on specialist to provide key services. Operations are undertaken by the Municipality and they have extensive experience in this regard for arenas.

Design/Build - This is an Alternative that has evolved in recent years whereby the owner with or without a site, calls for design / build proposals. The proponents, who submit a proposal, have the responsibility to design the building and to construct it.

The architects are retained by the proponent and the design and construction evolve based on the terms of the Request for Proposal laid out by the owner. Operating the facility usually remains with the owner. The strengths of design/build are that the design and construction become an integrated package and there is less of a seam between the architect and the builder. However, this Alternative requires the Municipality to have a strong Request for Proposal package as the architect is not working for the Municipality but for the builder.

Therefore, the needs of the Municipality must be well documented and detailed so that the Municipality is getting exactly what it wishes. This is particularly true in the areas of surface finishes, mechanical systems and other areas where there could be wide variation in quality and capacity.

Another key advantage that is often cited for this Alternative is that experienced construction companies can contribute ideas and perspectives that can lower the construction cost of the facility as they are fully integrated into the design process. This can reduce change orders as well as potentially reduce overall costs early on. Relative to arenas there have been a number built through this process, and, therefore, there are experienced design / build arena contractors around, some who also have “arena packages” such as have been built in Stratford, Strathroy, Burlington, Aylmer and other communities.

Some communities, such as Middlesex Centre, chose not to build a ‘package’ new twin pad arena in this way as they wanted a facility that was designed more to their preferences and community perspectives. This is a process that could be considered as there is a depth of experience available. It can provide some financial benefits, but requires a strong Terms of Reference and proposal documents to protect the Municipality’s interest.

Construction Management - This is a development technique whereby the facility is designed and built essentially at the same time. It allows for a faster completion date as sections of the facility are designed and implemented while other sections follow.

The construction manager manages the project on behalf of the client and then retains architects, contractors and sub-trades to implement.

This Alternative has the advantage of saving time, using the experience of the construction manager to reduce costs and to make changes as one goes forward. However, this Alternative has challenges in regards to specifications and how the reporting carries on between the owner and the construction manager. It is often used for major public infrastructure, such as the new London Police Station, but used more often in industrial construction for large plants where speed is important. There also has been some history of litigation between the owner and the construction manager on these projects because of the open-ended nature of the relationship and the design and construction processes. Due to the scale that this type of project is usually undertaken at, it is probably not a preferred strategy for a municipal arena.

Public/Private Partnership - This is an emerging Alternative where the private sector designs, builds, finances, and in some cases, operates (facility maintenance and custodial) a facility on behalf of a client. This Alternative is being used increasingly by the Ontario government for major infrastructure, such as the recently opened Woodstock Hospital.

A variant of this Alternative would be design, construct and finance the facility that is then turned over to the owner to operate. The contractual period can range anywhere from ten to forty years, and in some cases, longer. One of the key rationales for the public sector utilizing this Alternative is that it removes the debt financing from the balance sheet and provides access to more capital, as well as having a more integrated design and construction process.

This Alternative is typically used on large projects, like major hospitals, the new court house in Kitchener and some larger facilities at universities and other locations. For an arena, this Alternative typically has not been seen previously as the key perspectives of this Alternative are really organized around scale and volume to create savings.

A key value question is whether the private partner can access capital funding at interest rates lower than the Municipality. In most cases, lenders give preferred rates to municipal governments compared to private developers because the risk profile is deemed to be lower. Therefore, if the private developer cannot raise money at interest rates equal to or lower than the Municipality, then there is a premium to be paid by the Municipality overtime for the increased interest rate.

Another characteristic of this Alternative is that the building reverts back to the owner in terms of ownership at the end of the period, say forty years. The owner is taking back a building that is aged and has probably moved through most of its reasonable lifecycle. A question always emerges, as to whether the building has been well maintained by the third party, and how well they will maintain the building in the last two or three years of the term. There needs to be some caution to make sure that maintenance benchmarks are fully implemented to the end of the term to protect the interests of the owner.



Management Contract - In the early 1990s, a number of municipalities contracted out the management of their arenas to third parties. Some contracted out even a broader array of facilities and services in parks and recreation. At that time, there were approximately three companies that were trying to develop a market for third party managed recreation facilities in Ontario. The municipalities that pursued this were Parry Sound, Ingersoll, and on a more selected basis, Ottawa, Hamilton and others.

By the end of the 1990s, this Alternative had dissipated to a large degree. The main reasons were that community organizations and users of these facilities were not happy with the transition, a challenging strike occurred in Ingersoll and the overall Alternative did not move towards profitability for the private firms.

### Community Consultation

- Surveys – see draft survey questions below – make available online and hardcopy. Present to Service Clubs, Major facility user groups, and Cottage Associations and Business Association. Share results to date at Stakeholder/Public meetings.
- Sport/Recreation Groups meeting - September 19, 2016
- General Public meeting - October 3, 2016
- 

### Next Steps/Project Schedule/Milestones

<b>Project Activity</b>	<b>Start</b>	<b>Complete</b>
Consultations		
Survey development and distribution	May 2016	August 2016
User Group and Public meetings	September 19, 2016	October 3, 2016
Task Force Draft Final Report	October 2016	November 23, 2016
Presentation to Council	December 8, 2016	December 8, 2016
Fund Raising		
Infrastructure Grant Applications	July 2016	November 2016
Contribution to Reserves	2016	2018
Donation Campaign	January 2017	December 2017
Tender for General Contractor/Architect	May 2017	July 2017
Architectural Design/Building Plan approval	August 2017	November 2017
Construction Tenders	December 2018	February 2018
Facility Closure/Construction Start	April 2018	May 2018
Construction End/Re-opening	December 2018	January 2019