

Event Centre Update

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Recommended by:	Chief Administrative Officer

Report Summary

This report provides an update on the status of the Greater Sudbury Event Centre Project at the Kingsway Entertainment District. A summary of the ongoing work is outlined and a recommendation to commence the site grading work is provided for Council's consideration.

Resolution

THAT staff finalize the negotiations with Bot Engineering & Construction Ltd. and begin the site preparation work by November 29, 2021, as outlined in the report entitled "Event Centre Update" from the Executive Director of Strategic Initiatives, Communications and Citizen Services, presented at the City Council meeting on September 28, 2021.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report addresses the following strategic objectives outlined in the CGS Strategic Plan 2019-2027:

- Economic Capacity and Investment Readiness.
- Asset Management and Service Excellence.

From the perspective of the CEEP, the project respects the objective to minimize the production of greenhouse gases in the operation of new assets.

Financial Implications

Expenditures associated with the recommendations in this report will be funded from the Event Centre Project capital account, which contains sufficient funds to support the work.

Background

Following Council's direction to restart and accelerate the event centre development, staff re-established contracts for site development, restarted the process for securing a venue manager/operator, finalized details

for site drainage and are preparing for the design-build RFP process. All project partners are working together on the plans for shared siteworks in order to have grading and blasting begin by November 29. This is the same approach that was established in the original tender and work plan.

While the shared work on site development is finalized, each partner is preparing plans to construct their separate facilities. For the City of Greater Sudbury, this means moving forward in the next few weeks with a process to select a venue manager/operator so that this company can be in place to participate in the design-build RFP process as it begins early in 2022. Reviewing the RFP itself and establishing the required fairness monitoring process are also proceeding this fall.

At the Council Meeting of July 14, 2021, Council authorized staff to advance the work required to develop the Event Centre without further delay in accordance with the existing Cost Sharing Agreement, and a project schedule that produces a facility which is ready for use in 2024. Delegated authority was provided to the Executive Director of Communications, Strategic Initiatives and Citizen Services to negotiate, execute and subsequently amend or extend any agreements to produce the work required for delivering the Event Centre Project in 2024, subject to Council's approval of the following three decision points:

- a) Confirmation of the site preparation contract, including the commencement date established with the site development partners.
- b) Confirmation of the Venue Operator.
- c) Confirmation of final budget based on the result of the Design/Build Request for Proposals.

This report seeks Council approval for the first decision point, being the commencement of the site preparation contract.

Analysis

Site Preparation Contract

Bot Construction & Engineering Ltd. was awarded the contract for this work originally in 2018, and they are prepared and available to mobilize on the site in November 2021. The company will continue site preparation work through the winter months, on a similar schedule to what was originally proposed.

Through the Cost Sharing Agreement the City agreed to be responsible for the tendering and administration of the site preparation, road work, and the intersection improvements. By leading the procurement and the administration of the contract, the City can ensure that it is in compliance with:

- The City's Purchasing By-law and
- The contracts are awarded in a fair and transparent process.

In 2018 the City tendered and awarded the site preparation contract; however work did not commence because of legal appeals. Seven bids were received, with Bot Engineering & Construction Ltd. being the low compliant bid at a value of \$8,498,000. excluding HST. Given the time between award, and the impact of the COVID pandemic to labour, equipment, and material rates, an increase to the contract is being negotiated. The additional costs will be approximately \$900,000. The revised total of the contract will be approximately \$9,400,000, which is still lower than the second lowest bid received in 2018.

As originally planned, the City will retain an engineering consultant to provide contract administration and inspection services for this contract. Staff is negotiating with J. L. Richards & Associates Limited (JLR) to provide these services, as they completed the original contract documents. The cost for these services will be approximately \$330,000, and this is based on the hourly rates that JLR competitively bid on the Standing Offer for Professional Engineering Services and Architectural Services (ISD19-19).

The total value for this work will be \$9,730,000 and will be split as per the Cost Sharing Agreement. The costs will be split as follows:

Work Location	City Share	Gateway Share	Hotel Share	Developer Share	Comments
Lot Grading Inside Crescent	55.9%	29.4%	14.7%	0%	Split equally by land area
Road Work (Blasting for Street A & C)	27.9%	14.7%	7.3%	50%	Based on road frontage
City Parking Lot	100%	0%	0%	0%	For use by the City
Est. Cost	\$5,900,000	\$2,200,000	\$1,100,000	\$530,000	

The City's portion of the cost is the highest portion as this work includes the grading of the entire Event Centre lot including the parking area, which represents \$5.6M of the estimated cost. This is included in the budget for the project.

Following Council approval, staff will proceed to finalize the following items prior to the commencement of site preparation work on November 29:

- Prepare and issue the change order for Bot Construction & Engineering
- Obtain the site alteration permit from CGS Building Services.
- Request the bonding security for the work from the Developer. As per the Cost Sharing Agreement, this security shall be provided prior commencement of site preparation.

STATUS UPDATE

The following are updates on the ongoing work on the remaining components of the Event Centre project.

Venue Operator Selection

In March 2017, Council authorized the selection of a Venue Operator through a Request for Proposal process. PwC has been retained in an advisory role to assist with this process. There will be three phases to the process being an Expression of Interest, a Request for Proposals, and Contract Negotiations. It is anticipated that this process will begin in the next few weeks and will be completed by the end of Q1 2022. The assignment to PwC has an upset limit of \$65,000.

Compliance Team

As described in previous reports and presentations, in a traditional design-bid-build project, the architect and consulting team has a direct contractual relationship with the City. In a design-build project, the architect and consulting team is working directly for the builder. In design-build projects it is typical for owners without sufficient in-house expertise to retain a compliance team of architects and consultants to assist the owner through the design/build process. This includes assisting through the design/build competition, through the development of the detailed design drawings, and site review during construction.

Staff is negotiating with Ian McKay Architect Inc. to provide these services including subconsultants to support with structural, mechanical, plumbing, electrical, security, audiovisual and acoustics aspects of the project. The total proposed fees for this portion of the project is estimated at \$850,000 and is included in the project budget.

Storm Water Management and Intersection Improvements

The detailed design for storm water management and the Kingsway intersection improvements is ongoing. It

was originally contemplated to treat water with a permanent pond near the Kingsway. Further site investigations led to the conclusion that the groundwater conditions present on site do not allow this type of design without significant cost. As a result, the storm water management design is being revised to incorporate a dry pond that allows the storm water to infiltrate into the ground and treated before being discharged to the storm sewer system. The intersection improvement design is also being updated. This work is being undertaken by J. L. Richards & Associates Limited as the original designers of the subdivision road, and the cost is \$150,000.

Site Plan Design

The finalization of the site plan continues. This is being undertaken in partnership with Gateway, the Hotel, and the City, and is subject to a separate cost sharing agreement. This work has previously been presented to Council and the lead consultant is Cumulus Architects Inc. The detailed site plan ensures that all of the partners agree on the layout of the site and that there are no conflicts with the development of the site. This work will continue until the site plans are approved.

Fairness Monitor

In 2018, the City retained professional fairness monitoring services for the Design/Build Request for Proposals procurement process. Fairness Monitors are used for sensitive, high risk, high profile, and/or high dollar value procurements where the circumstances warrant an additional level of transparency and prudence by the purchasing authority. A Fairness Monitor acts as an independent and impartial third-party observer of the procurement process. An updated proposal has been received, and the Purchase Order has been increased by \$6,500 to restart the project and for additional review required of the Design/Build Request for Proposals.

Partnership Meetings

In addition to the regular progress meetings for the collaborative projects listed above, all of the partners are once again meeting on a biweekly basis. These meetings include representatives from Gateway, the Developer, and the City. As per the Cost Sharing Agreement, scheduling and expenditures are discussed, forecasted, and agreed upon at these meetings. All parties are in agreement with the schedule, and costs outlined in this report.

Gateway's Ongoing Capital Projects and Ontario Casino Development

Gateway Casinos & Entertainment Limited (Gateway) has 27 gaming properties across Ontario, British Columbia, and Alberta and employs over 8,600 people. Gateway currently has three ongoing capital projects that are scheduled to open in 2022.

Gateway North Bay – This location is over 39,000 square feet in size and includes gaming space, and two dining options. This represents over \$40M in capital investment, is under construction, and scheduled to open in Q1 2022.

Gateway Wasaga Beach – This location is over 22,000 square feet in size and includes gaming space, and dining options. This location is under construction and scheduled to open in 2022.

Gateway Delta, British Columbia – This location is over 160,000 square feet in size and includes gaming space, four dining options, meeting space, and a hotel. This represents over \$92M in capital investment, is under construction, and scheduled to open in 2022.

Ontario Lottery and Gaming (OLG) reports that, in addition to the projects listed above, Gateway is responsible for four other new or expanded capital projects in Ontario. Land-based gaming remains a priority for OLG and it is expected that private sector operators will continue to invest in projects that bring attractive facilities closer to their customers.

By transitioning OLG gaming sites to the private sector, the gaming service providers, including Gateway, have spent more than \$1.5 billion in capital to enhance current gaming sites and build new casinos in communities across Ontario. An additional \$2.5 billion in private capital investment in land-based gaming is expected in the future, creating a catalyst for jobs, investment, and long-term financial growth in communities provincewide, such as Greater Sudbury.

Conclusion

Following Council's direction, the Event Centre is regaining the necessary momentum to once again move at the speed of business to meet the project and partnership timelines. If approved as presented, site preparation work will commence in the fourth quarter.

Council's next approval milestone would occur with the selection of a venue operator, anticipated following the end of the first quarter of 2022. Regular updates will continue as they have since the project started in 2017.

Resources Cited

Council Report, "Greater Sudbury Event Centre Next Steps" – July 14, 2021

<https://pub-greatersudbury.escribemeetings.com/FileStream.ashx?DocumentId=40480>