

The Pointe - Update**Report Purpose**

To provide Council with a status update on the Pointe-Aux-Pins project as information.

Our Prioritized Strategic Goals

Goal 1 - Build strong communities to support the diverse needs of residents

Goal 6 - Provide facilities and services that are available and accessible to residents

Report

On May 17, 2022, Council approved a motion that "Administration to provide a report, for Council's consideration by the end of Q4, for The Pointe project, outlining proposed revisions to the concept and design that would reduce the scope, providing a revised budget based on the proposed scope and anticipated project timelines". At that time the cost of the entire project was budgeted at \$71.9M.

This report is presented to Council as information as to the current progress on the project.

In review of options to reduce the scope of the project and reduce its costs to be within the approved budgets, the following scope revisions have been explored to reduce the project costs while keeping the agricultural nature of the facility intact.

Revised Scope

The current project was originally designed to provide a multi-use event centre that included multiple outdoor riding arenas, site roadways, parking lots, camping facilities and offsite roadway improvements. In review of minimum requirements, a scope change to only construct an indoor facility to support agricultural events and associated utility servicing, required roadways/roadway improvements and parking facilities is proposed.

The revised facility will be reduced in height from the original design and will be simplified in finishes. The floor of the arena area will be changed from concrete to dirt, the size of the bleachers will be reduced, and a mezzanine area will be added. The size of the main arena ring will not change and for comparison, The Pointe facility will be slightly smaller than the Ponoka Calnash Trucking Agriculture Event Centre's main arena.

The utility services for the facility will be reviewed and updated to reflect the revised facility scope and forecasted use but will require most of the original design for the stormwater management, fire suppression, potable water, and sanitary sewer/treatment systems to be constructed due to the rural location of the facility. Interior roadways and parking will be reduced to only those needed to support the use of the facility. While the scope and design of the indoor arena is being adjusted, the recommendation is to maintain the building's location as per the previous site layout to keep the potential for future expansion and phasing intact.

The attached presentation provides the revised conceptual renderings that will be used to provide the owner's requirement within the proposed procurement methodology and are only representations of the type of facility to be constructed. Using the revised concept, high-level budget estimates have been prepared to provide an order of magnitude cost to build the revised scope of work. Based on the market construction and material inflation, that has and continues to occur, the project team recommends the balance of the original

project budget remain in place. The project team has established a budget range that the project may be completed for remaining construction and site development:

Low range of cost estimate	\$55 million
Current probable cost estimate	\$57 million
High range of cost estimate	\$60 million

Note: Probable cost estimate includes a \$5.2 million contingency (10%)

Current Approved Construction Funds	\$64,210,000
Current Expenditures	<u>\$ 3,833,276</u>
Remaining Budget	\$60,376,724

To date \$10.7M has been spent on this project, taking the current probable cost estimate into consideration the budget for the entire project would be approximately \$68M, \$4M less than the original budget (\$71.9M). The project's scope has been reduced to remain within the original budget.

In order to proceed with the revised project scope, administration is exploring the options to procure the required design and construction service as follows:

Site Work – Design/Bid/Build

Utilize the design work already completed for the site improvements and utility servicing, modified to address the change in scope and service demands.

The site work and utility infrastructure can be tendered out as a separate package from the building construction.

Arena Building – Design/Build

For the Arena building, a design/build approach will be used where the design and construction team will work together to provide validation of the design as it progresses. The redesign of the facility will utilize the planning work that has already been completed and will focus on the primary use of the facility for agriculture type events.

Using a design/build methodology for the building portion of this project will allow an accelerated design and construction schedule and be able to provide project cost confirmation as the detailed design proceeds. The key benefit to this aspect is to be able to design and construct to a committed budget.

Based upon the proposed project plan:

- Development of procurement documents – Commence Q3 2022
- Site development and Utilities
 - Design Revision phase - Commence Q3 2022
- Building
 - Design build procurement process – Commence Q3 2022
- Anticipated project completion - Q2 2025

Risk Management

As in all construction projects, there are risks that may materialize that need to have mitigation strategies ready to implement. For The Pointe project, the most significant risk we are facing relates to material and labor shortages and global cost inflation factors. We are currently experiencing inflation of 7.1% and the cost of borrowing has risen to 5.08%, not taking into consideration the recent Bank of Canada prime rate increase.

Using the “design build” methodology for the building portion will help address some of those challenges as the vendors submitting on the project will take these risk factors into account in their design proposals. Although this method can help mitigate some the current market risks, it cannot eliminate all of the risk and it is possible the submissions will present unacceptable design options, options that are suitable but still above budget, or the possibility of receiving no compliant submissions.

Council and Committee History

May 17, 2022	Council directed that Administration provide a report, for Council’s consideration by the end of Q4, for The Pointe project, outlining proposed revisions to the concept and design that would reduce the scope, providing a revised budget based on the proposed scope and anticipated project timelines.
September 14, 2021	Council was updated on Pointe-aux-Pins Acres tender results and recommendation.
April 13, 2021	Council was updated on the Multi-Purpose Agriculture Facility (MPAF) design.
September 29, 2020	Council approved an amendment to the 2018 Capital Budget in the amount of \$12,100,000 (from \$16,110,000 to \$28,210,000), for additional costs related to the MPAF - Outdoor Amenities and Servicing project, to be funded from tax supported debenture (\$10,890,000) and Municipal Reserves (\$1,210,000), to allow the project to be built within the approved scope.
September 15, 2020	Priorities Committee was provided with a presentation on the proposed operating budget and Economic Impact Assessment for the MPAF.
July 21, 2020	Council directed that administration provide a report to Council, in conjunction with the final design but no later than the end of Q3 2020, identifying the potential economic impact along with updated operational budget projections and fee structures for the current vision of the MPAF.
June 16, 2020	Priorities Committee was updated on the MPAF design.
September 24, 2019	Council directed that administration proceed with the detailed design for Option 2, as set out below:

Option2

Approved funding: \$23.8M

Approved in Principle: \$24.3M

Total square footage: 107,000 sq. ft

Project Scope:

- Full site servicing for current construction and future expansion

- Increased indoor arena size (132' x 262')
- Covered outdoor area (132' x 263')
- Stabling-permanent structure for 150
- Pre-engineered construction method for stables and covered outdoor arena
- Covered outdoor arena with the size increased to 132' x 263' and the addition of a serviced campground site
- Serviced campground site; and

September 17, 2019	That an updated budget be included in the 2020 budget process, such budget to include cost information on a possible addition of kitchen facilities connected to the indoor arena area. Priorities Committee was updated on the progress of the MPAF.
June 18, 2019	Priorities Committee was updated on the progress of the MPAF.
March 12, 2019	Priorities Committee was updated on the progress of the MPAF.
November 13, 2018	Priorities Committee was updated on the progress of the MPAF.
September 18, 2018	Priorities Committee was updated on the progress of the MPAF.
March 13, 2018	Priorities Committee was updated on the background of the MPAF project and the Regional Plus concept.
February 13, 2018	Priorities Committee was updated on the Regional Plus concept for the MPAF.
September 12, 2017	Council approved that Enclosure 6 be added to item 4.3 MPAF Site Servicing Update of the September 12, 2017 Council Agenda; and That administration take the actions set out in Enclosure 6; and That Enclosure 6 to item 4.3 remain private pursuant to FOIP section 25.
October 25, 2016	Council approved the Regional MPAF concept, as outlined in Enclosure 2 of the October 25, 2016 Transportation and Agriculture Services report, and that the site chosen be of adequate size to allow opportunity for growth.
April 19, 2016	Priorities Committee was updated on the development of a Functional Plan for the MPAF.
May 12, 2015	Council approved proceeding with partnership solicitation for the construction and operation of a MPAF; and Council approved funding in the amount of \$75,000 from the Municipal Project Reserve (1.3773) to support the partnership solicitation process for the MPAF.
April 21, 2015	Priorities Committee referred the MPAF Solicitation Process to the May 12, 2015 Council meeting for formal direction.
January 20, 2015	Council directed administration to bring back to the April 21, 2015 Priorities Committee meeting a draft process to solicit partnership interest in building and operating a MPAF.

Other Impacts

Policy: Recommended procurement process will follow all financial and procurement policies.

Legislative/Legal: Contract development.

Financial/Budget: Based on the revised scope and cost of \$68M, the debt usage will increase from \$25M to \$41M (assuming the probable scenario) from the May 17, 2022

presentation. This higher level of debt usage may place a pressure on the planned timing recommended by administration for the Indoor Fieldhouse.

Interdepartmental: Utilities, Recreation Parks and Culture, Transportation and Agricultural Services, Financial and Strategic Services, Legislative and Legal services will all have roles related to this project.

Master Plan/Framework: n/a

Enclosure

1 Pointe-Aux-Pins Acres Update presentation