



## Corporation of the Township of Brock

### Staff Report to the Mayor and Members of Council

**From:** Joint Report from Michelle Willson, CAO, Trena DeBruijn, Director of Finance/Treasurer, Wayne Ward, Director of Parks, Recreation & Facilities

**Title / Subject:** Update on the Sunderland Arena Renovation Project

**Date of Report:** January 27, 2025

**Date of Meeting:** February 3, 2025

**Report No:** 2025-FI-006

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#### 1.0 Issue / Origin

This report provides an update on the Sunderland Arena Renovation and Expansion Project and seeks Council's approval to sole source architectural services to move forward with a Class B estimate of a modified design.

#### 2.0 Background

The Descope and Design Committee, agreed to by Council and the Sunderland Lions Club, was created to provide recommendations to Council on changes to the design of the Sunderland Arena project to bring it in line with budget.

The Committee is comprised of the following members:

- CAO – Michelle Willson
- Director of Parks, Recreation & Facilities – Wayne Ward
- Director of Finance/Treasurer – Trena DeBruijn
- 1 member of Council – Regional Councillor Jubb
- Project Manager – Tom Hendriks, CBRE
- 2 members of the Sunderland Lions Club – Don Gordon and Gary Brethour

The Descope and Design Committee has been meeting since May 2024. It was determined by the Committee that the original scope of the project which included expansion of the ice to 80 feet x 200 feet and six new dressing rooms is not feasible. Estimates placed the cost at over \$15 million.

### **3.0 Analysis**

The Committee is agreeable to the revised scope put forward by the Sunderland Lions which includes the following:

- Increasing the northerly extension of the building envelope by 20 feet allowing for the lengthening of the ice surface to 190 feet;
- The removal of the west side, ice level aisleway and two rows of seating to enable the widening of the ice surface to 78 feet;
- The retention of the remaining seating area and upper aisleway, along with the storage space underneath;
- The building of a new aisleway and four new dressing rooms along the east side of the existing structure. Two of the dressing rooms will be fully accessible to accommodate sledge hockey and two will be of conventional design. The floor area of the dressing rooms will be reduced in area by 20% from the original design; and
- Provision to be made in the design to accommodate two additional (conventional) dressing rooms in the future as funding permits.

The Township recommends that any potential funding the Sunderland Lions Club receive from the Kaitlin Development, along with any grants which may become available, be used to assist with adding two dressing rooms in the future.

A Class C estimate completed of the revised scope outlined above still showed the project above budget. In order for the Descope and Design Committee to further descope the project to bring it in line with budget, a Class B cost estimate needs to be completed. A Class B estimate requires more detailed drawings which requires the Township to enter into a contract for architectural services.

#### **Sole Sourcing – Architectural Services**

The Township has been working with Barry Bryan Associates (“BBA”) for many years on the renovation and expansion of the arena. Staff feel it would be in the Township’s best interests to continue working with BBA because of their in-depth knowledge of the project and because they have completed the drawings to-date. Hiring BBA to provide the architectural services will result in reduced costs and timing compared to hiring a new architect with no history of the project who would have to start from scratch and review all of BBA’s drawings.

The Township is seeking approval for architectural services up to \$430,000. Council approval is required to sole source any non-competitive contract award over \$100,000.

There is a risk that if the design needs to be changed significantly because the Descope and Design Committee is unable to bring the project within budget or the tender comes in significantly over budget, that the Township will incur additional costs.

#### 4.0 Related Policies / Procedures

Procurement Bylaw

#### 5.0 Financial / Budget Assessment

The Council approved budget for the project is \$9.2 million. Per the letter of January 22, 2025 (Attachment 1), the Sunderland Lions Club have agreed to a financial contribution of \$1,000,000 to the project as follows:

- \$500,000 at the start of the project
- \$500,000 upon project completion – assuming a 12-18 month construction period.

This will bring the total project budget to \$10.2 million. The funding breakdown is as follows:

Total Budget	\$10,200,000
Less: ICIP Grant	(\$5,485,084)
Sub-total	\$4,714,916
Less: Development Charges	(\$3,064,695)
Sub-total	\$1,650,221
Less: Foster Hewitt Donation	(\$25,000)
Less: Lions Club Donation	(\$1,000,000)
Sub-total	\$625,221
Draw from Sunderland Arena Reserve	(\$625,221)
Unfunded	\$Nil

Based on an updated Class C Estimate from AW Hooker Quantity Surveyors, dated December 18, 2024, the hard construction costs for the Sunderland Arena project are approximately \$10,025,000 (plus HST). There are a number of additional cost considerations identified below as follows:

	\$
Hard Costs - Construction	
• Construction	\$10,025,000
• Refrigeration Components	\$625,000
Other Costs	
• Exterior Improvements	\$100,000
Soft Costs	
• Project Management	\$306,966
• Architectural Services	\$430,000
• Municipal fees – Third Party Review	\$4,600
Non Recoverable HST	\$202,252
<b>Total</b>	<b>\$11,693,818</b>

As the available budget is \$10,200,000, further de-scoping of an additional \$1,493,818 is required. The Descope and Design Committee will continue to work together to bring the project within the approved budget.

### Sunderland Arena Reserve

In the 2024 budget, Council approved a total of \$760,000 from the Sunderland Arena Reserve for the project. Since only \$625,221 will be required from the Reserve, the estimated balance at the end of 2025 will be approximately \$462,760.

	\$
Opening Balance	\$227,981
Add: 2025 Contribution	\$100,000
<b>Sub-total</b>	<b>\$337,981</b>
Add: Prior Approved Draw	\$760,000
<b>Sub-total</b>	<b>\$1,087,981</b>
Less: Draw	(\$625,221)
<b>Estimated Balance</b>	<b>\$462,760</b>

The Lions have committed \$500,000 upfront and another \$500,000 at project completion. Staff understand that the \$500,000 that the Lions will donate at project completion still needs to be raised. In the unlikely event that the Lions' fundraising target is delayed or unmet, or if the Township requires the funds prior to project completion, it is staff's recommendation that any outstanding funds be borrowed from the Sunderland Arena Reserve, interest free, until the Lions can fulfill the entire commitment.

The amount of the foregone interest would depend on the timing and interest rate. An investment of \$500,000, for 12 months, with an interest rate of 3%, would generate investment income of approximately \$15,000. If the Township was required to borrow the funds, our bank charges the Township interest of Prime plus 0% for short term borrowing. At the present time, the Prime Interest Rate is 5.45%, therefore, borrowing \$500,000 for 12 months, would cost the Township approximately \$27,250.

Since the arena will be closed while renovations are underway, the roof has been repaired/replaced recently, and major works such as electrical, plumbing, and refrigeration will be all updated as part of this project, staff do not anticipate needing any funds from the Sunderland Arena Reserve in the short to medium term for capital repairs. Further, an additional \$100,000 will be contributed to the reserve in 2026 to assist if any capital needs arise upon re-opening of the arena or to start re-building the reserve balance.

### Next Steps

Once the overall budget and sole sourcing for architectural services is approved, BBA will complete drawings of the revised scope. The drawings will then be used to obtain a Class B

Estimate which will be used by the Descope and Design Committee to make changes to achieve budget.

Staff are working to move this project forward very quickly and would be reticent if it wasn't mentioned that moving quickly does come with some risk and grey areas that need to be addressed. There may be issues that might arise which are unknown or unforeseen to staff, especially as we are moving very quickly.

## **5.1 Asset Management**

The Sunderland Arena is an asset that the Township owns and managed. This project will include updating and replacement of significant infrastructure in the arena (some of which is being funded by other levels of government) and is an important component of Asset Management.

## **6.0 Climate Change Impacts**

N/A

## **7.0 Communications**

The Township's website page on the Sunderland Arena Renovation will be updated and a joint communication between the Township and the Sunderland Lions Club will also be released highlighting the revised design.

## **8.0 Conclusion**

The Descope and Design Committee is proposing a revised design that will allow the Committee to descope the project further to bring it within budget. In order to descope the project further the committee requires a Class B estimate which provides further detailed information and costing. Staff are recommending sole sourcing BBA to complete the drawings which are needed for the Class B estimate and provide architectural services for the remainder of the project.

## **9.0 Recommendation**

Be It Resolved That Report # 2025-FI-006, entitled "Update Sunderland Arena Renovation and Expansion Project", be received; and

That Council wave the provisions of By-law 3148-2022-FL, (Procurement Policies and Procedures) to authorize the sole sourcing of architectural services with Barry Bryan Associates ("BBA") up to \$430,000; and

That Council approve the revised design and authorize staff to move to the next step in obtaining a Class B Estimate; and

That Council approve the updated budget of \$10,200,000, including the Sunderland Lions donation of \$1,000,000.