



## **Town of Arnprior Staff Report**

**Subject:** REC-2024-04 - Nick Smith Centre Rink Replacement Project

**Report Number:** 24-07-22-01

**Report Author and Position Title:** Patrick Foley, Engineering Officer, Graeme Ivory, Director of Recreation

**Department:** Operations/Recreation

**Meeting Date:** July 22, 2024

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### **Recommendations:**

That Council enact a by-law to:

- (a) Authorize the award of Tender REC-2024-04 Nick Smith Centre Rink Replacement Project for a total of \$6,293,000.00 (plus HST) to Frecon Construction Ltd; and
- (b) Authorize the General Manager, Operations to spend additional contingency expenses up to \$640,375.68 which constitutes 10% of the total Contract value.
- (c) Authorize the CAO to execute the agreements and related documents with Frecon Construction Ltd. for the defined scope of work.
- (d) Authorize the Treasurer to include funding in the 2025 capital budget of \$1,459,132.48 from the Capital Expenditure Reserve Fund for this project, with the remaining \$4,000,000 of funding raised in 2025 through the issuance of debentures with Infrastructure Ontario or another form of debt financing.

### **Background:**

The Nick Smith Centre, formerly Arnprior Civic Centre, was built in 1977 featuring the same amenities the facility still has today – two arenas, a swimming pool and community hall. Over its 47 years of operation, the facility has seen upgrades to the arena dressing rooms, pool (deck and liner), roof, mechanical equipment and the parking lot – to name a few, however the arena floors and refrigeration piping remain original to the building.

Over the past 5 years, significant brine leaks and repairs have occurred at the Nick Smith Centre due to arena components failing. The slabs and associated piping are original to the building constructed in 1977. The expected useful life of a rink slab is approximately 25 years and the current slab is 47 years old. The scope of work for this project includes:

- Two (2) indoor concrete arena pads including all associated refrigeration piping, drainage and essential equipment
- Concrete surfaces leading to and from the Ice Machine garage including drainage
- Arena boards, glass, netting
- Arena spectator stands
- Arena rubber flooring
- Scraping and recoating of roof trusses
- Audience comfort heating

In August 2023, Council awarded the design scope for this project to Architecture 49. In October 2023, staff presented four design options for consideration. Council made the decision to proceed with a design which is comprised of the following enhancements:

- Demolish stands on both sides as well as all four towers.
- Construct new modern accessible stands across the entire side of the exterior wall side of the Bert Hall Arena (Arena A).
- Construct 6 new storage rooms, an office space, meeting room and a Pro Shop skate sharpening space.
- On the second storey mezzanine level of the demising wall side, construct meetings room on each end, separated by an enclosed public space.
- All three rooms on the mezzanine level would be accessible (via an elevator) and the open public space would feature a viewing window for both arenas as well as provide 24 additional spaces for accessible seating, in addition to general spectator viewing.
- Replace stands on Glenn Arthur Arena (Arena B) allowing for access to select newly constructed rooms along the demising wall, as well as a service window for the Pro Shop

All elements of this project will enhance accessibility of both arenas for participants and spectators alike.

The projected budget at the time of Council's design selection was \$6,340,000. The following 3 other smaller projects in the Long Range Capital Forecast (LRCF) were combined into this scope of work as work would be completed at the same time and for economy of scale:

- |   |               |
|---|---------------|
| • 2025 – Compressors 1, 2 & 3           | \$ 175,000.00 |
| • 2025 – Audience Rink Heaters (Rink A) | \$ 27,000.00  |
| • 2025 – Audience Rink Heaters (Rink B) | \$ 24,000.00  |

As part of the 2024 capital budget, the Nick Smith Centre Arena Slab Replacement Project was approved by Council with expenses anticipated for the above scope as follows:

- 2024 - \$1,585,000 – Procurement of materials
- 2025 - \$4,981,000 – Construction

## Discussion:

Since October, staff have been working with the multidisciplinary design team to establish the details for the optimal design for this project. Various consultants have visited the Nick Smith Centre multiple times to meet with staff and to ensure that existing conditions are properly noted.

Based on the complexity and specific nature of the scope of work, Town staff worked to ensure that a competent General Contractor, carrying competent subcontractors was brought on for this project by establishing references for the General Contractor, concrete finishing subcontractor and refrigeration subcontractor. Staff consulted with the Town's legal Counsel to ensure that requested references were within the Procurement Policy as well as industry and legal standards.

The overall budget for this project totals \$ 6,566,0000 from the below budget items:

2024 – NSC Arena Slab Replacements (Materials)	\$ 1,585,000.00
2025 – NSC Arena Slab Replacements (Construction)	\$ 4,755,000.00
2025 – Compressors 1, 2 & 3	\$ 175,000.00
2025 – Audience Rink Heaters (Rink A)	\$ 27,000.00
2025 – Audience Rink Heaters (Rink B)	\$ 24,000.00
<b>Total</b>	<b>\$ 6,566,000.00</b>

The Request for Tender (RFT) was published to Merx.com on May 14, 2024 where the posting remained open until July 16, 2024 at 2:00PM. At the time of bid closing, the following 8 bids were received:

<b>Vendor Name</b>	<b>Total (Full HST)</b>	<b>Bid Price (No HST)</b>	<b>Net HST</b>
Brawn Construction Ltd.	7,949,899.20	7,035,309.03	136,203.58
Frecon Construction Ltd.	7,111,090.00	6,293,000.00	121,832.48
Jumec Construction Inc.	9,873,675.58	8,737,766.00	169,163.15
M. Sullivan and Son Ltd.	8,652,410.00	7,657,000.00	148,239.52
Massicotte Construction Ltd.	9,431,396.00	8,346,368.14	161,585.69
McDonald Brothers Construction	8,486,300.00	7,510,000.00	145,393.60
Thomas Cavanagh Construction	7,330,310.00	6,487,000.00	125,588.32
Thomas Fuller Construction Ltd.	8,088,540.00	7,158,000.00	138,578.88

Frecon Construction Ltd. was the lowest acceptable bid at \$6,293,000.00 (plus HST). Projected expenses for the project are as follows:

Bid Price	\$ 6,293,000.00
10% Contingency	\$ 629,300.00
Net HST	<u>\$ 121,832.48</u>

Total Projected Cost	\$ 7,044,132.48
Total Budget	<u>\$ 6,566,000.00</u>
Total Shortfall	\$ 478,132.48

The construction cost is projected to be \$478,132.48 (7.3%) over budget. This is partially due to the discovery that the paint on the roof trusses contain lead. Lead abatement was not factored into the original budget values as it was not identified until later in the design process. Since eight bids were received through a competitive process, the tendered value would be representative of current market rates.

The revised design contract awarded by Council to Architecture 49 in October 2023 included design, contract documents, construction administration and site inspections at a total value of \$ 273,237.70 (incl net HST).

Frecon is a well-known General Contractor based out of Russell, Ontario and familiar to the area, having completed several projects in the Ottawa Valley including Arnprior's new French Catholic School - École élémentaire catholique des Deux-Rivières. They have completed the following similar scope rink projects in the past 5 years:

- 2022 – Stone Mills
- 2021 – City of Ottawa
- 2021 – Petawawa
- 2019 – Mississippi Mills

Frecon has carried CIMCO Refrigeration and Slavco Concrete Finishing for their respective scopes of work. References have been provided for each of these subcontractors demonstrating completion of 5 arena slabs in the last 2 years. Based on the reviewed experience of the General Contractor and their key subcontractors, Staff believe that Frecon will be able to successfully complete this project on time and with quality workmanship.

This project will have operational impacts for our arena users. Glenn Arthur Arena (Arena B) will cease operations as of February 17, 2025 with an anticipated return on September 8, 2025. Bert Hall Arena (Arena A) will cease operations as of March 17, 2025 with an anticipated return on October 14, 2025. The Town typically carries ice on both arenas until the end of March, with summer ice operating on one surface June through August and both surfaces operating in full after Labour Day. However, in 2024 staff opted to keep ice in for the months of April and May as well to support a high interest in Spring Ice Rentals. The projected operational impacts are outlined in the financial section and will be addressed in the 2025 operating budget.

In an effort to support our users, staff continue to work with neighbouring municipalities and privately run arenas to support additional ice needs and operations during this period of closure.

## Options:

Council may choose not to award this contract and re-tender at another time with a different scope of work however this is not recommended as the tenders received were obtained through a competitive process, are representative of current market costs and delaying the project could result in further repair costs and failures in the current slabs, disrupting programming on a temporary or permanent basis.

## Policy Considerations:

These projects were tendered in accordance with *Section 6.3 Request for Tender* of the Town of Arnprior's Procurement Policy.

## Financial Considerations:

### Capital Funding

The recommended funding strategy for this project is a combination of the Capital Expenditure Reserve Fund (CERF) with funding amounts in 2024 and 2025, with the remaining portion financed over a 10-year period. This provides a balance between funding sources, equitable benefit to those accessing the asset as it significantly extends the useful life of the arena slabs and allows flexibility for other capital projects that require funding.

	Project Costs	Funding Source
2024	\$1,585,000.00	Capital Expenditure Reserve Fund
2025	\$1,459,132.48	Capital Expenditure Reserve Fund
2026-35	\$4,000,000.00	Financing – 10 Yr Debenture
TOTAL	\$7,044,132.48	

As highlighted in the 2024 budget presentation, the size and significance of this capital project, makes it a candidate to consider for financing as it meets the debt management guidelines as outlined in the Town's Debt Management Policy (#FS-AD-02). Guidelines:

- Debt may be undertaken when the size of a capital project is significant and when funding cannot be accommodated within the levy or utility rate supported capital budgets and/or when no other viable sources of funding is available.
- Consideration will be given to the impact of debt on current and future ratepayers as a means to achieve an appropriate balance between debt and other forms of funding.
- Repayment of debt will be structured in a manner that is fair and equitable to those who benefit or have access to the benefit(s) from the asset(s).
- Debt servicing must be affordable, sustainable and flexible to allow financing for any appropriate corporate project or priority approved by Council.
- The Municipality will not use long term debt to fund current operations.

Funding from the Capital Expenditure Reserve Fund of \$1,585,000 was already approved by Council in the 2024 capital budget. An additional \$1,459,132.48 is recommended for 2025 with the remaining portion of the project to be funded through financing. To take advantage of lowering lending rates, a debenture or loan in later 2025 towards the end of the project is recommended. Current IO lending rates for a 10 year debenture are 4.28%. The estimate below is calculated with an estimated 3.5% lending rate.

Amortizing Debenture Schedule				
Organization Name	Town of Arnprior			
Principal Amount	\$ 4,000,000.00			
Annual Interest Rate	3.50 %			
Loan Term (Year)	10			
Debenture Date (mm/dd/yyyy)	07-01-2025			
Maturity Date (mm/dd/yyyy)	07-01-2035			
Payment Frequency	Annual			
Loan Type	Amortizing			
Payment Date	Total Payment	Principal Amount	Interest Amount	Principal Balance
07-01-2026	\$ 480,965.47	\$ 340,965.47	\$ 140,000.00	\$ 3,659,034.53
07-01-2027	\$ 480,965.47	\$ 352,899.26	\$ 128,066.21	\$ 3,306,135.27
07-01-2028	\$ 480,965.47	\$ 365,250.74	\$ 115,714.73	\$ 2,940,884.53
07-01-2029	\$ 480,965.47	\$ 378,034.51	\$ 102,930.96	\$ 2,562,850.02
07-01-2030	\$ 480,965.47	\$ 391,265.72	\$ 89,699.75	\$ 2,171,584.30
07-01-2031	\$ 480,965.47	\$ 404,960.02	\$ 76,005.45	\$ 1,766,624.28
07-01-2032	\$ 480,965.47	\$ 419,133.62	\$ 61,831.85	\$ 1,347,490.66
07-01-2033	\$ 480,965.47	\$ 433,803.30	\$ 47,162.17	\$ 913,687.36
07-01-2034	\$ 480,965.47	\$ 448,986.41	\$ 31,979.06	\$ 464,700.95
07-01-2035	\$ 480,965.48	\$ 464,700.95	\$ 16,264.53	\$ 00.00
	\$ 4,809,654.71	\$ 4,000,000.00	\$ 809,654.71	

### Annual Repayment Limit (ARL)

The Annual Repayment Limit (ARL) is the maximum amount that a municipality in Ontario can pay each year (without first going to the Ontario Land Tribunal) in principal and interest payments for its long-term debt and other long-term financial commitments.

For most municipalities the ARL is set at 25 percent of their annual own- source revenues (such as property taxes, user fees and investment income), less their annual existing long-term debt service costs and payments for other long-term financial obligations. Municipalities may only exceed their ARL with the prior approval of the Ontario Land Tribunal (OLT).

The Town of Arnprior's ARL for 2024 is \$3,149,047. Another way to illustrate this is that the Town of Arnprior could borrow up to an additional \$24.3M at a 5% interest rate over a 10 year period before reaching the maximum repayment limit.

## Grant Funding

The amount of funding requiring financing could be reduced with successful grant applications. Town staff are actively investigating applicable grant programs to offset costs including the new Community Sport and Recreation Infrastructure Fund that will support building new infrastructure and the revitalization of existing sport and recreation facilities; the Enabling Accessibility Fund; the Ontario Trillium Foundation (OTF) and any Investing in Canada Infrastructure Program (ICIP) grant streams the relate to this project.

## Operating Impacts

Operationally, staff project a one-time estimated operating revenue loss of \$250,000 which factors lost revenues for ice rentals, shinny, public skating, sports camp and rinkboard advertising. This impact will be included in the 2025 budget. Following this project, a variety of revenue generation opportunities will include meeting and storage room rentals/leases, rinkboard and other sponsorship opportunities, special events.

## **Meeting Dates:**

- August 2, 2023 – Council Meeting to award design Contract to Architecture 49
- October 23, 2023 – Council Meeting to select final design for arena

## **Consultation:**

- Borden Ladner Gervais LLP

## **Documents:**

N/A

## **Signatures**

**Reviewed by Department Head:** John Steckly

**Reviewed by General Manager, Client Services/Treasurer:** Jennifer Morawiec

**CAO Concurrence:** Robin Paquette

**Workflow Certified by Town Clerk:** Kaila Zamojski



# **Nick Smith Centre Rink Replacement Award**

Patrick Foley, Engineering Officer,  
Facilities & Assets

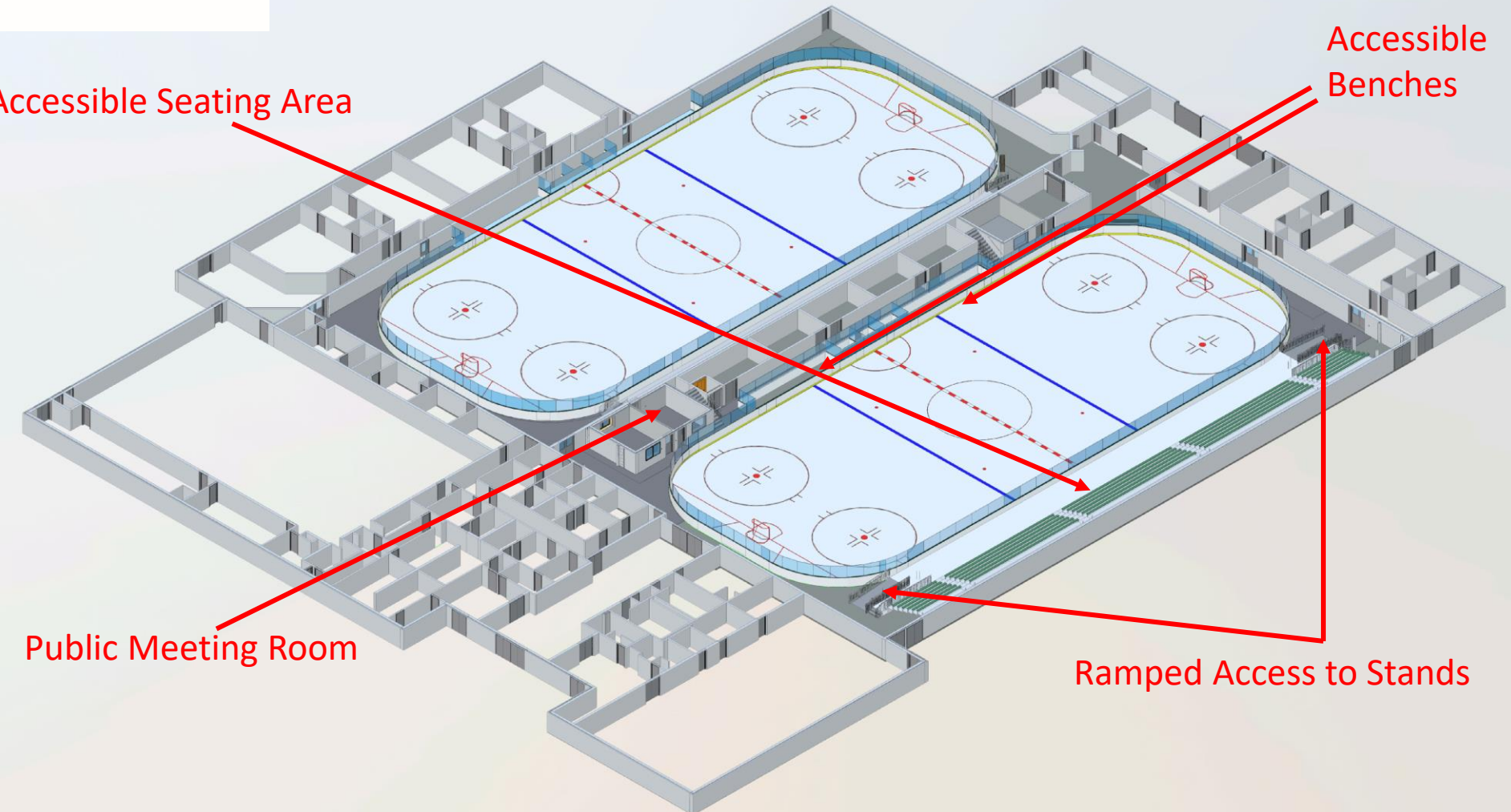
Graeme Ivory, Director of Recreation

Meeting Date: July 22, 2024

# Scope of Work

- The scope of this project is comprised of:
  - Two (2) indoor concrete arena pads including associated refrigeration piping, drainage and essential equipment
  - Concrete surfaces leading to and from the Ice Machine garage including drainage
  - Arena boards\*, glass, netting
  - Arena spectator stands\*
  - Arena rubber flooring
  - Scraping and recoating of roof trusses
  - Audience comfort heating retrofits
  - Meeting rooms and public viewing mezzanine
  - Storage space (user groups and operations)

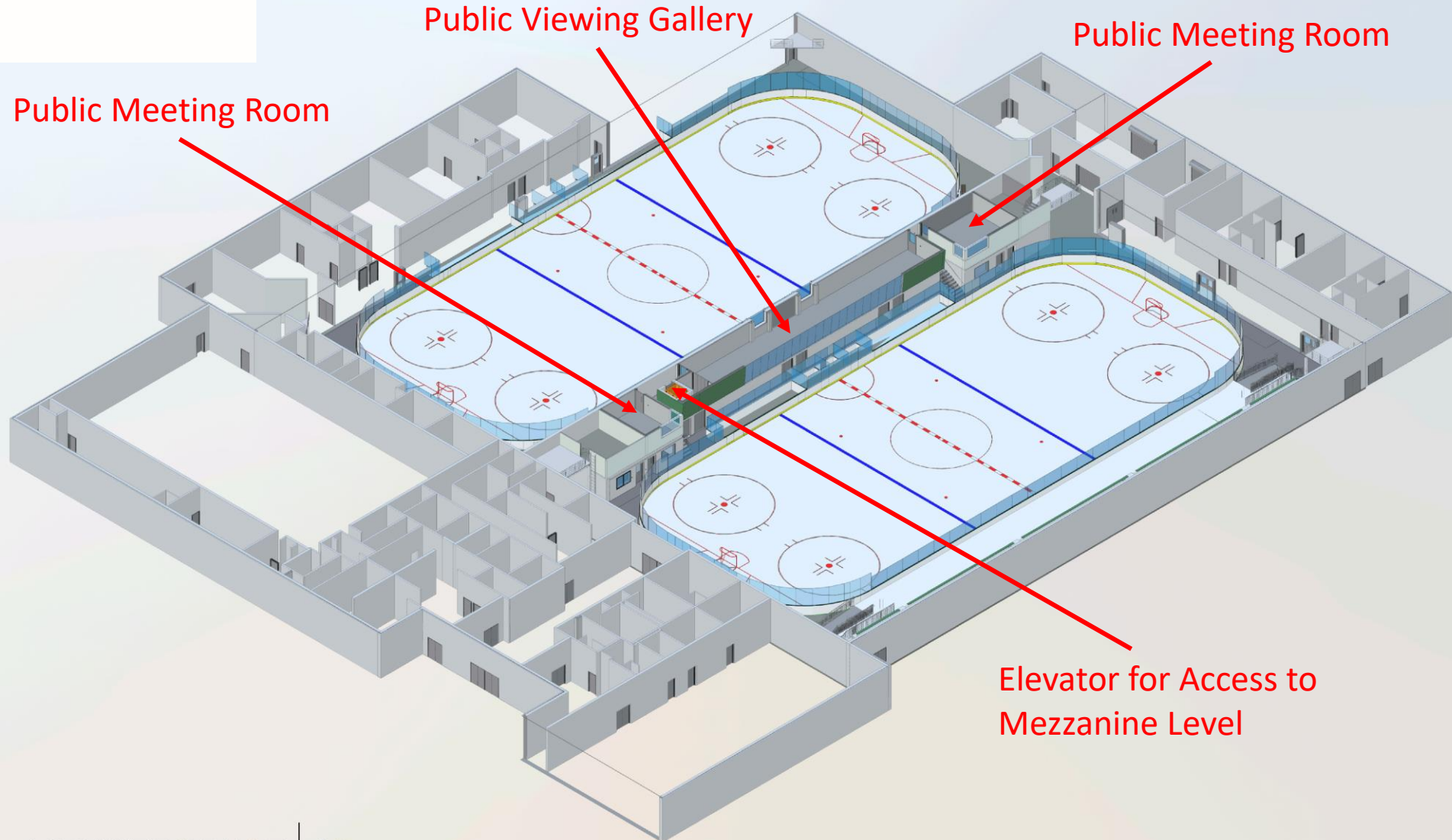
# Ground Level



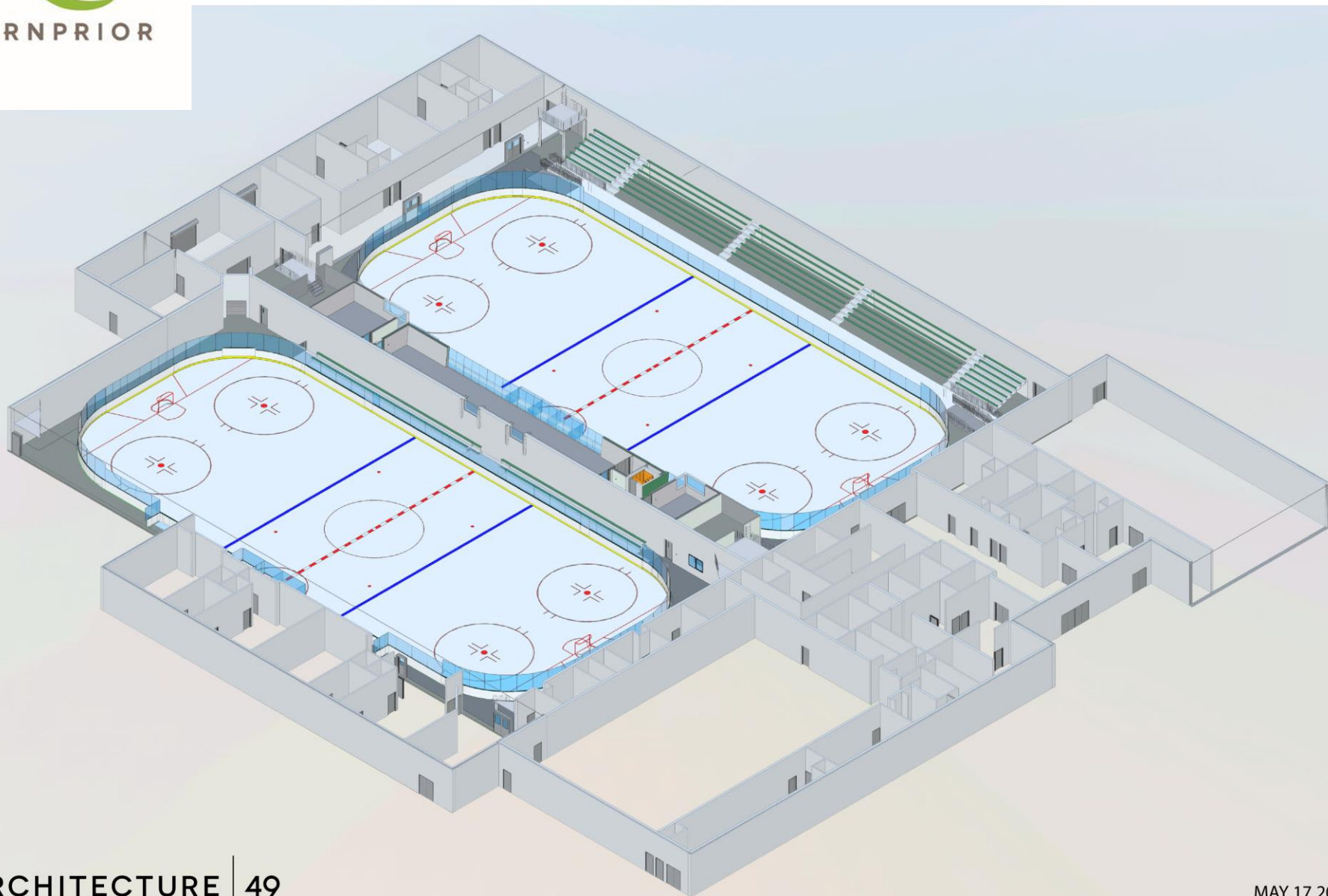


ARNPRIOR

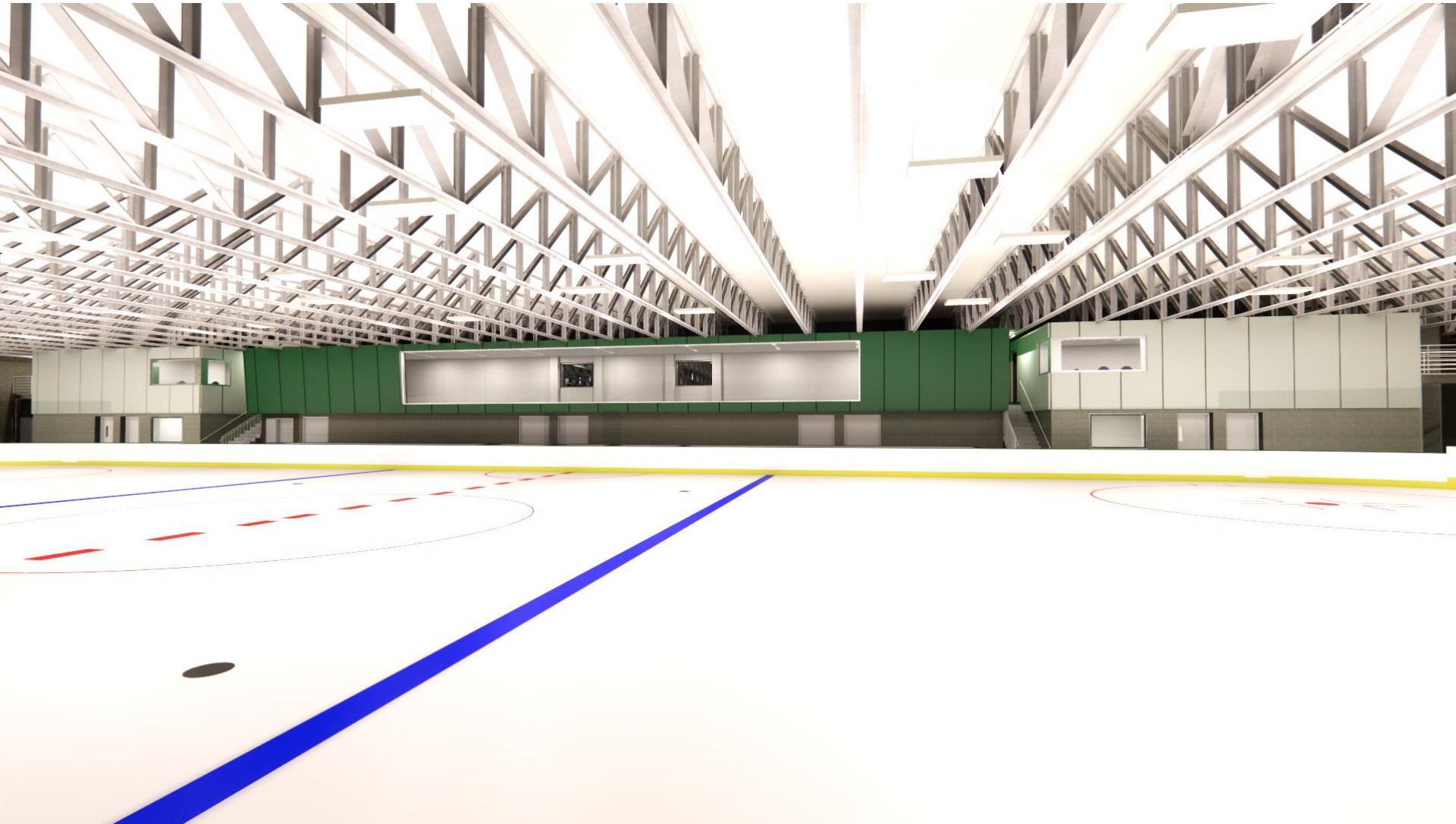
# Mezzanine Level



# Mezzanine Level



# Finishes





myFM Centre

Hockey Canada



# Accessible Finishes



Irwin Seating



Beckwith Arena - Beckwith, ON

# Spectator Stands

# Bids Received

Vendor Name	Total (Full HST)	Bid Price (No HST)	Net HST
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# Financial

Frecon Construction Ltd. was the lowest acceptable bid at \$6,293,000.00 (plus HST).

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Total Projected Cost	<b>\$ 7,044,132.48</b>
Total Budget	\$ 6,566,000.00

Total Shortfall	<b>\$ 478,132.48</b>
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# Financial

- Project funding strategy is a combination of Reserve funds and financing.

Year	Project Costs	Funding Source
2024	\$1,585,000.00	Capital Expenditure Reserve Fund
2025	\$1,459,132.48	Capital Expenditure Reserve Fund
2026-35	\$4,000,000.00	Financing – 10 Year
<b>Total</b>	<b>\$7,044,132.48</b>	

- Nature of the project meets the debt management guidelines as outlined in the Town's Debt Management Policy (#FS-AD-02).
- Financing to occur in later 2025 to secure lower lending rates.



# Financial Considerations

Town staff are actively investigating applicable grant programs to offset costs including the new **Community Sport and Recreation Infrastructure Fund** and the **Green and Inclusive Community Buildings Program** that will both support the revitalization of existing facilities; the **Enabling Accessibility Fund**; and the **Ontario Trillium Foundation (OTF)**.

# Recommendations

**That Council enact a by-law to:**

- a) Authorize the award of Tender REC-2024-04 Nick Smith Centre Rink Replacement Project for a total of \$6,293,000.00 (plus HST) to Frecon Construction Ltd; and
- b) Authorize the General Manager, Operations to spend additional contingency expenses up to \$640,375.68 which constitutes 10% of the total Contract value.
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# Questions?



• WHERE THE RIVERS MEET •