



**STAFF REPORT
ACTION REQUIRED**

Pan/Parapan American Games Capital Projects Update

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|--------------------------|--------------------------------|
| Date: | June 17, 2014 |
| To: | Executive Committee |
| From: | Deputy City Manager, Cluster A |
| Wards: | All |
| Reference Number: | |

SUMMARY

This report provides an update on the status of the City’s ten 2015 Pan/Parapan American Games (“2015 Games”) capital projects, and advises Council that there is a budget shortfall for the Pan Am Bicycle Motocross Track construction project at Centennial Park (“BMX Track Project”). Authority is sought to pay for the City’s 44% share of the shortfall by redirecting \$1.260 million in City debt funding from Toronto Pan Am Sports Centre (“TPASC”) capital sub-project which is projected to be almost \$10 million under budget.

The BMX Track Project was originally estimated by TO2015 at \$1.547 million. The City agreed to include the project in its 2015 Games capital projects, with the City contributing \$0.678 million or 44% of total project costs. In May 2014, the Request for Proposals (RFP) process for this project closed and the preferred, low-cost, proponent was identified. Based on the preferred proponent’s submission, the total cost for the BMX Track Project cost is now anticipated to be \$4.410 million. Should this project proceed, the City’s contribution would be \$1.940 million or \$1.262 million more than the City’s current budgeted contribution of \$0.678 million. In addition, the Government of Canada’s contribution would be required to increase from \$0.866 million to \$2.469 million.

In 2011, City Council approved a capital project called Pan Am Aquatic Centre/Canadian Sport Institute for Ontario now named the Toronto Pan Am Sports Centre (“TPASC”). The approved TPASC project cost was \$248.93 million, \$54.765 million of which represented the City’s contribution. As a result of lower tenders, the guaranteed price of the Infrastructure Ontario (“IO”) managed TPASC contract is \$205 million and the City’s contribution has been reduced to \$45.10 million, resulting in budget savings of \$9.67 million (the “TPASC Budget Savings”). In July 2013, Council approved the reallocation

of \$2.42 million of the TPASC Budget Savings to fund the West Channel, a new Pan Am Games project. Council's authority is now sought to redirect up to \$1.262 million of the remaining TPASC Budget Savings to fund the additional BMX Track Project costs.

This matter is urgent in nature because, in order to complete the BMX Track venue in time for adequate testing prior to the 2015 Games, project construction must commence before the end of July 2014.

RECOMMENDATIONS

The Deputy City Manager, Cluster A, recommends that:

1. City Council amend the 2014 Approved Capital Budget for Pan Am Games to increase the total project cost for the BMX Track capital sub-project by \$2.863 million from \$1.547 million to \$4.410 million, funded by redirecting \$1.260 million in City debt funding from the Toronto Pan Am Sports Centre capital sub-project, conditional on the remaining required share of \$1.603 million being committed by the Government of Canada in order to maintain the 44% (City of Toronto) / 56% (Government of Canada) cost sharing ratio.

Financial Impact

In February 2009, City Council approved investments totalling \$49.5 million in six City-owned assets to be used as training, competition or festival venues during the Games. In February 2011, City Council approved additional funding of up to \$47 million and three additional projects, for a total City investment of up to \$96.5 million in a total of nine Pan Am Games capital projects. A new (10th) capital project for upgrades to the West Channel was added in July 2013.

The original budget for the BMX Track Project was \$1.547 million, with the City contributing \$0.678 million or 44% of total costs. The results of the recently completed RFP competitive bidding process indicate that additional funding of \$2.863 million is required, resulting in a revised total project cost of \$4.410 million. Under the 2015 Games cost sharing formula, the City's 44% portion of the additional costs would be \$1.262 million bringing its total contribution towards this project to \$1.940 million. This amount is required in the 2014 budget year.

The approved TPASC project cost was \$248.93 million, \$54.765 million of which represented the City's contribution. The fixed price of the IO-managed TPASC contract is \$205 million. Consequently, the City's contribution has been reduced to \$45.10 million, resulting in budget savings of \$9.67 million. In July 2013, Council approved the reallocation of \$2.42 million of the TPASC budget savings to fund the new West Channel project and as a result, \$7.25 million of TPASC budget savings remain. If \$1.262 million was redirected for the BMX Track Project, approximately \$6 million of the TPASC budget savings would remain.

The approval of the City's additional contribution of \$1.262 million is conditional on the Government of Canada's approval and provision of the remaining required extra funding of \$1.603 million (56%).

The initial estimate of the operating impacts of the BMX Track project is approximately \$0.042 million per year. This required funding will be submitted for consideration as part of the 2015 Operating Budget submission for PF&R.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In December 2008, City Council endorsed the City's participation in a bid for the Pan Am Games to be held in Toronto and the Greater Golden Horseshoe.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2008.EX26.6>

In February 2009, City Council approved investments totalling \$49.5 million in six City-owned assets to be used as training, competition or festival venues during the Games.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX29.10>

In February 2011, City Council approved additional funding of up to \$47 million and three additional projects, for a total City investment of up to \$96.5 million in a total of nine Pan Am Games capital projects.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX2.5>

In July 2013, City Council approved the reallocation of \$2.42 million of the TPASC Budget Savings to fund the new West Channel Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.14>

ISSUE BACKGROUND

Pan Am Capital Projects

Toronto is the official host city of the 2015 Games, and a signatory to the Pan Am Games Multi-Party Agreement (the "MPA"), which defines the rights and responsibilities of TO2015; the Canadian Olympic and Paralympic Committees; and the City, Provincial and Federal governments regarding the governance, financing and delivery of the Games.

As noted above, in December 2009, City Council approved the 2015 Games Capital Budget and future year commitments for a six project Capital Program in the amount of \$49.5 million. Subsequently, in February 2011, City Council approved three additional projects and additional funding of \$47 million, for a total City investment of up to \$96.5 million. The West Channel Project, which was added in July 2013, is funded by TPASC Budget Savings.

Toronto's approved contribution of up to \$96.5 million for these 10 projects will leverage up to \$252 million from Games partners (primarily the Government of Canada) for a total investment in City assets of up to \$348 million.

In accordance with the MPA, the costs for these 2015 Games facilities are shared between the Government of Canada and the respective owners on a 56% and 44% basis. The two exceptions to this are the construction of and the remediation for the TPASC. With the TPASC construction, because the facility will be co-owned by the City of Toronto and the University of Toronto, the required 44% facility owner contribution is being shared equally by the two co-owners, so each institution is responsible for 22% of the capital costs. TPASC site remediation costs, on the other hand, were covered fully by the City and University on a 42.3% (City) / 57.7% (University) cost-sharing basis.

The City has project management responsibility for four of the 10 capital projects (i.e. TPASC site remediation, Nathan Phillips Square festival site, BMX track construction, and road resurfacing for the cycling course). The Toronto Organizing Committee for the 2015 Pan American and Parapan American Games ("TO2015") is managing the West Channel project. The five remaining capital projects (i.e. TPASC construction, Etobicoke Olympium upgrade, and the Centennial, Birchmount and YorkU tracks upgrades) are project managed by IO.

The table below provides an overview of each of the City's 2015 Games capital projects.

| City of Toronto 2015 Pan/Parapan American Games Capital Projects (at July 2, 2014) | | | | | | |
|---|--|-----------------------------|---|-------------------------------|--|--|
| CAPITAL PROJECT | DESCRIPTION | TOTAL PROJECT BUDGET | CITY OF TORONTO SHARE (22% or 44%) | PROJECTED PROJECT COST | CITY OF TORONTO SHARE OF PROJECTED COST | PROJECT STATUS |
| Toronto Pan Am Sport Centre (formerly the PAAC) | Aquatic Centre and Field House plus CSIO Offices | \$248.93M | \$54.765M | \$205.00M | \$45.100M | Construction began July 2012 and will end July 2014. |
| Etobicoke Olympium Retrofit | Retrofit of existing facility | \$20.000M | \$8.800M | \$20.000M | \$8.800M | Construction began July 2013 and will end July 2014. |
| Centennial Track Resurfacing | Track resurfacing and upgrades to meet national specifications at both facilities and development of new throwing and jumping areas at Birchmount. | \$1.658M | \$0.730M | \$1.658M | \$0.730M | Construction to begin July 2014 and end Nov. 2014 |
| Birchmount Track Resurfacing | | \$1.036M | \$0.456M | \$1.036M | \$0.456M | Construction to begin July 2014 and end Nov. 2014. |

| | | | | | | |
|--|---|------------------|-----------------|-------------------|------------------|---|
| Toronto Track & Field Centre Retrofit | Upgrades to the existing City-operated track at York University | \$3.628M | \$1.596M | \$3.628M | \$1.596M | Indoor construction began May 2014 and will end Sept. 2014; Outdoor construction to begin July 2014 and end Nov. 2014 |
| BMX Track Project | Creation of a new Bicycle Moto Cross (BMX) track in Centennial Park | \$1.547M | \$0.678M | \$4.41M | \$1.940 | Construction to be completed in 2014. |
| West Channel Project | Construction of a wave attenuating revetment along the South seawall | \$5.500M | \$2.420M | \$5.500M | \$2.420M | Construction to begin Sept. 2014 and end April 2015 |
| Nathan Phillips Square | Improvements at Nathan Phillips Square to prepare it as a festival site | \$4.146M | \$1.825M | \$4.146M | \$1.825M | Project completed. |
| Road Cycling | Road resurfacing of for cycling road race | \$9.537M | \$4.197M | \$5.424M | \$2.387M | Project began May 2014 and will end by Dec. 2014 |
| PAAC Site Remediation Project | Remediation of the TPASC site prior to construction | \$52.000M | \$23.000M | \$30.035M | \$12.991M | Project completed. |
| TOTALS | | \$347.98M | \$98.46M | \$280.837M | \$78.245M | |

The RFPs for construction have been issued for every project except the West Channel Project. Further, as many of the projects are complete or nearing completion, and fixed price contracts were used for several projects, a high degree of confidence can be attached to the projected project cost figures indicated above.

COMMENTS

At the time the 2015 Games bid was submitted, the anticipated location for BMX was at Ontario Place. As the future of Ontario Place became uncertain, Games organizers sought an alternate location for the sport. After exploring options outside of the Greater Toronto Area, TO2015 ultimately asked the City to host the sport and advised that a project budget of a \$1.547 million would need to be made available for the BMX Track venue, with the City covering 44% of the project's costs. The City agreed to develop a BMX venue and, informed by TO2015's interest at the time in establishing a venue cluster that could accommodate both BMX and archery events, decided on Centennial Park as the location. Community consultation, discussions with experts and consideration of Centennial Park Master Plan principles (e.g. having active recreation east of Centennial Park Boulevard) resulted in site selection for the project selected in the north end of the park near Eglinton Avenue. It is important to note that the \$1.547 million budget was developed prior to a specific site for the venue being selected.

Several factors have had an impact on the projected costs for this project.

Firstly, as mentioned above, the original \$1.547 million BMX Track Project budget was not site-specific to Centennial Park.

Council's approval of the BMX project was subject to community consultation. Critical feedback received through the community consultation impacted the placement of the BMX course. In order to avoid compromising the toboggan hill, which the community wanted preserved, the BMX course has had to be situated in such a way that significant additional costs were incurred for site drainage and parking lot relocation.

In addition, the track is currently designed for maximum versatility in legacy. BMX athletes competing in elite level events, such as nationals and the 2015 Games, use a start ramp that is 8m high. However, that is too high to be safe for developing athletes who are learning the sport and are competing at the provincial level and below. Developmental athletes use a start ramp that is 5m in height. Therefore, a two-ramp system was designed for the BMX Track Project: one ramp will be set at the 5m mark and the other at the 8m mark. Although slightly more costly, this will enable the City to serve the needs of BMX athletes of all levels as a permanent legacy of the 2015 Games.

It is important to note that the City-TO2015 project team removed all superfluous design features prior to issuing the RFP for construction. However the City To 2015 project team is currently working with the track designer and the selected construction proponent to determine whether any further savings opportunities exist through value engineering.

As noted previously, the Government of Canada's approval and provision of 56% of the newly identified costs (\$1.603 million) is a precondition for the City's provision of 44% of the additional costs. Since both the City and the Federal Government were advised of the new project costs at the same time, the approval process for the additional funds is proceeding simultaneously. Both parties are committed to seeking out additional savings opportunities, where possible.

This matter is urgent because, in order to complete the BMX Track venue in time for adequate testing prior to the 2015 Games, project construction must commence before the end of July 2014. Furthermore, if construction commences after that date, project costs will increase to address the challenges arising from completing the work in colder weather and within shorter days.

Conclusion

As with most of the City's 2015 Games capital projects, this BMX Track Project is a joint investment by the City and the Government of Canada in the development of sport in the city and region of Toronto. The new BMX facility will benefit both the community in general as well as the BMX cycling community, in particular.

First, the ability of the facility to serve the needs of both developing and elite level BMX athletes will have a significant impact on the growth and development of the sport in the city and in the region. Interested individuals will have a safe facility to try the sport and elite athletes will be able to hone their skills while remaining in Toronto.

In addition, the proposed design of the facility will be conducive to at least one club using the facility as its home-base. This will enable community members belonging to the home club to assume a care-taking role regarding the facility.

Finally, from an economic development perspective, this facility will be one of only two in Canada of this calibre. As a result, it will be a sought-after venue to host provincial as well as national and international BMX events that, in turn, will have a positive economic impact on the city and the region.

Subject to approval of the federal contribution there are sufficient City funds within the Games Capital project to complete the BMX course.

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SIGNATURE

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