



Report to: Development Services

Date Report Authored: May 28, 2011

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**SUBJECT:** Toronto 2015 Pan/ Para Pan Am Games – Markham Venue  
**PREPARED BY:** Mary Creighton ext. 7515

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**RECOMMENDATION:**

- 1) That the report entitled Toronto 2015 Pan/Para Pan Am Games – Markham Venue be received; and,
- 2) That the Schematic Design as presented by B + H Architects (Attachment A) be approved in order to proceed to Design Development stage based on the condition that Town contributions remain as approved in January 2011 and that a further request be made to Toronto 2015 to make a contribution to the Badminton/Field House; and,
- 3) That a Pan Am Markham Pool & Field House Design Committee be established chaired by the Chair of the Land, Buildings and Parks Committee with four additional Council members including the Local Councillor; and,
- 4) That this report be forwarded to the May 31 Council meeting for approval; and
- 5) That a letter be forwarded to Toronto 2012 immediately following the Council decision on May 31, 2011 advising them of the decision; and,
- 6) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

To provide Council with updates related to the Pan Am facility and to obtain council approval for the schematic design presented by B + H architects (Attachment A). TO2015 has requested that we provide them a decision by June 2 in order to meet the timelines for the Games.

**BACKGROUND:**

The Town of Markham has a long history of supporting both community sport and elite sport development. In June 2006, Council was asked to partner with the Canadian Sports Centre Ontario in the development of the Canadian Sport Institute of Ontario. Council supported that initiative until it was relocated to the U of T Scarborough Campus during the bidding process for the 2015 Pan Am Games.

As a result of Markham's strong commitment to sport development and infrastructure, Pan Am Toronto 2015 requested our involvement as the location for three sport venues: Water Polo, Badminton, and Table Tennis. Council approved the Town's participation as the host of these venues on January 20, 2009.

Since that time Council has approved the following reports:

Date	Purpose	Council direction
January 20, 2009	Letter of intent to Pan Am Bid Committee to indicate Markham's interest to host aquatics and field venues	Council passed a resolution to submit a letter to Pan Am indicating our interest.

October 27, 2009	Approval of Multi-party Joinder Agreement	Council approved signing of the Multi-party Joinder agreement of the Water Polo and Table Tennis Venues.
May 25, 2010	Site location of the aquatic venue and addition of a Badminton facility to the venue.	Council approved the Water Polo venue at the Markham Centre (town owned) site adjacent to the YMCA and the addition of the badminton venue to this site.
January 25 , 2011 Confidential report	Approval of new site for water polo and badminton.	Council approved a new Markham Centre location and approved proceeding with both venues – Water Polo and Badminton

## OPTIONS/ DISCUSSION:

### **Toronto 2015 – Pan Am Games Requirements:**

A meeting was held on May 4, 2011 with Town Officials and Toronto 2015 to discuss the timelines, and the need by the Town to seek clarification on the funding approach. Mayor Scarpitti, the CAO and Commissioner of Community Services were representing the Town. TO2015 expressed concerns for the delay at this specific period of time in the project. A discussion on the budget was held with the agreement by both the Town and Toronto 2015 to have the 'D' level budget estimate redone and evaluated by both organizations.

A discussion was also held concerning the potential to relocate the Pan Am project to the MISTA project on another site within Markham Centre. *Toronto 2015 made it clear that they could not change sites at this time nor could they undertake at this late stage the introduction of a private sector investor without proper due diligence and RFP process.* Infrastructure Ontario and Toronto 2015 must follow the Provincial and Federal policies that indicate that they cannot sole source such an investment and could only proceed under a Request for Qualification and Requests for Proposals. Infrastructure Ontario indicated that they undertake many public private sector partnerships and understand that the due diligence process is critical (including RFQ/RFP processes) and cannot be undertaken in a short period time. Infrastructure Ontario facilitates the Province's P3 Program. Pan Am has indicated that in their opinion moving to another site would require additional time and resources, that they believe can not be achieved at this time, to evaluate site conditions such as soil, watercourse, heritage properties, infrastructure, servicing and ownership. Only a portion of the MISTA site is in Town ownership. Significant effort and resources have been invested by Infrastructure Ontario, Toronto

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2015, B+H Architects, Town staff and Council on advancing the planning on this site in order to meet the very tight timelines of the Games.

In summary, TO2015 has indicated that the timing, costs, and due diligence process make changing sites at this late stage too difficult, and they will not permit relocation to another site for Pan Am purposes. Therefore, Toronto 2015 has indicated that Markham needs to confirm proceeding with the Markham Pool and Field House on the approved site (as approved by Council in January 2011) by June 2<sup>nd</sup> or not having those venues hosted in Markham. Toronto 2015 has a plan B which includes moving those venues to other locations in the GTA.

A follow up letter was received by the Mayor from Toronto 2015 CEO, Ian Troop that advised that a decision to move forward with the Pan Am facility in Markham as currently identified was required by Wednesday, June 2, 2011 (Attachment B).

### **Project Cost Estimates**

The Town raised concerns regarding the first cost estimates provided on a very preliminary review with staff from Infrastructure Ontario and Toronto 2015. At the May 4<sup>th</sup> meeting with the Town and Toronto 2015, it was agreed that more detailed work would be undertaken by staff of all three parties to review the process for developing these numbers and to allow Toronto 2015, Infrastructure Ontario and Markham a confidence in the cost estimates. The costing exercise that is being completed at this time is a Class C, which is a very preliminary review to ensure that the scope of program based on the schematic design respects the committed project funding. This cost estimate exercise helps to inform the management of the project as we prepare to release a RFP. At the meeting with Toronto 2015 and Infrastructure Ontario, Markham representatives clearly articulated that our commitment to this project is the budget that has been approved which is based on the numbers provided by Hostco during the bid process, and that any additional funding required would need to be backstopped by Federal or Provincial dollars.

At a meeting on May 27, 2011 staff met with representatives from Toronto 2015 and Infrastructure Ontario to further review the cost estimates that support the schematic design that was prepared by B + H architects. Staff has seen significant progress in reducing the cost estimates through a number of cost scrubbing exercises that have been through. Although the costs estimates at this time are slightly higher than the approved budget it has been discussed that proceeding to an RFP would help us to further review the costs. Infrastructure Ontario's experience has been that under competitive bid tension the numbers for the project could come more into line with the approved budget. All parties will continue to review budget numbers with the understanding that Markham has clearly articulated our financial limits.

Staff will continue to work with Toronto 2015 and Infrastructure Ontario to further refine the numbers and investigate options for reduction of program scope if necessary. The cost sharing components between the two elements and the shared features are under

discussion with Toronto 2015. The cost pressures at this time are mostly related to the Badminton component which the Town currently is funding at 100%. A request for financial support on the Badminton portion will again be made to help address any cost pressures. The development of the detailed design in the next step will continue to help cost estimates to be refined.

An internal design advisory committee consisting of staff and Council should be formed to ensure that the legacy needs of the community are maintained, and the quality of design is in keeping with previous and current projects we have built. Staff recommends that the design committee be convened similar to the East Markham Community Centre and Library which was chaired by the Chair of Land, Buildings and Park Committee with representatives from the local ward, the Mayor, Deputy Mayor and one Regional Councillor.

### **Markham Considerations:**

Based on the current work that has been done on cost estimates, the need to advise Toronto 2015 of our decision to proceed or not by June 2, 2011 there are four options that have been considered:

- 1) **Participate in the Pan Am Games:** Proceed to detailed design on existing Town site and monitor budget through detailed design process. Continue with commitments already made with Toronto 2015 and Markham sport groups/residents. The advantages of continuing with the original decision made include: leveraging partnerships with Toronto 2015, raising Markham's Profile Internationally and Nationally, timely construction of needed sport infrastructure, building a 'sport campus' with Bill Crothers High School, YMCA and MISTA, and following through on our commitments.
- 2) **Participate in Pan Am Games with Town constructing project:** Request to undertake construction by the Town rather than Infrastructure Ontario in order to control and reduce costs. That option is not supported by Toronto 2015 or the Province.
- 3) **Not Participate in Pan Am Games and move the Town's portion of Funding to MISTA Project:** Move the facilities from the Pan Am site and include them in MISTA. Toronto 2015 has said that if this were to occur they could not support the Pan Am games being held in this venue, and that their committed funding would be withdrawn from Markham. The MISTA proposal is estimated at \$800 million dollars and would require the Town to undertake a comprehensive due diligence on the proposal and any private sector investors before making a decision to proceed. In addition to Town owned lands, the MISTA proposal would extend onto lands currently owned by agencies of the Province of Ontario and potentially the YMCA. There is a risk that the proposal may not be completed in a timely manner, and would result in sport facilities not proceeding in the short term. The Town may be responsible for separation costs as a result of dissolving our relationship with Pan Am which would include the work undertaken by the architects, consultants, Infrastructure Ontario and Toronto 2015. Markham is the only municipality in York Region with a major Pan Am facility hence the impact would be felt by

sporting groups across the region. The MISTA proposal is a significant project that has merit and may proceed on its own timeline with further due diligence by the Town. This area in Markham Centre has the potential to become a Sport/Entertainment District in a campus style fashion which would reflect the trends in urban centres. The Pan Am Pool could proceed along with the MISTA project in a mutually beneficial manner.

- 4) **Not Participate in Pan Am Games and Build Facility:** If the Town were to build the same facility on our own without Pan Am funding on the existing approved site the Town would need to provide additional funding in the amount of approximately \$15 to \$20 million. If the project was moved to the other Town owned site in Markham Centre, on YMCA Blvd. adjacent to the YMCA, the site costs would increase for below grade parking and elevation/grading site works (cost estimated at additional \$12 million), for a total additional funding in the range of \$27 to \$32 million, in addition to the cost to build the raised road as outlined in the Markham Centre Plan. Further evaluation is required on whether the footprint of the building would fit on the Town portion or would require use of the provincially owned site would be required. The other location that could be reconsidered, to address the recommendation of the approved Integrated Leisure Master Plan is to relocate the facilities to the Milliken Mills Community Centre. This option of not participating in the Pan Am Games but building the facility on our own would not leverage the funding and profile from Toronto 2015, nor guarantee short term timing for project completion. As in option three the Town may be responsible for separation costs for dissolving our relationship with Toronto 2015.

Town staff are recommending Option 1 which is to: Participate in the Pan Am Games on existing approved site. This would require approval of the schematic design prepared by B + H architects which would enable the project to move forward to the detailed design phase.

#### **Timelines for Project Completion:**

Revised Project Schedule developed by IO (as of April 27, 2011):

Timelines for this project remain tight. I/O continues to monitor the progress and they remain concerned about meeting the revised project schedule. At this time our project is behind schedule as a result of the change of location. Staff continues to support the advancement of this project and respond immediately to issues as they arise.

- Functional Program Completed by January 31, 2011 – *Completed*
- Functional Program and costing (Value For Money) provided to Markham – April – still outstanding
- Schematic Design commences February 24<sup>th</sup> to April 8<sup>th</sup>, 2011 – *Completed*
- Commence Design Development – April 15, 2011
- Release of Request for Qualifications (RFQ) – July 21, 2011
- Close of RFQ – Aug 18, 2011
- RFQ evaluation – Aug 29<sup>th</sup> to Sept 20<sup>th</sup>
- Notify proponents – Oct 14, 2011

- Design Development complete – June 14, 2011
- Issue Request for Proposals (RFP) – December 16, 2011
- Close Request for Proposals – March 2012
- Select Preferred Proponent – May 2012
- Commercial and Financial Close – July 2012
- Construction: July 2012 to July 2014.

**FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)**

Staff will continue to work with TO2015 and I/O to ensure that we meet the approved budget amount. The work will include reviewing the program requirements as we move into detail design, assign the shared costs, and further discussion with TO2015 to seek their financial support for a portion of the Badminton facility.

**HUMAN RESOURCES CONSIDERATIONS**

Not applicable

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

The development of the Pan Am Facility in Markham Centre will align with the Integrated Leisure Master Plan by creating additional leisure opportunities in the community.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Development Services, Corporate Services and members of the Pan Am Staff Team

**RECOMMENDED****BY:**

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**Mary Creighton**

Director, Recreation Services

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**Gary Adamkowski**

Director, Asset Management

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**Brenda Librecz**

Commissioner, Community and Fire Services

**ATTACHMENTS:**

Attachment A – Schematic Design presented by B + H architects – May 2, 2011

Attachment B – May 13, 2011 letter from TO2015 – Ian Troop, CEO