



Report to: General Committee

Date Report Authored: November 9, 2012

SUBJECT: Markham Pan Am Centre Update
PREPARED BY: Mary Creighton – Director, Recreation Services
Gary Adamkowski – Director, Asset Management

RECOMMENDATION:

- 1) That the report titled “Markham Pan Am Centre Update” be received; and
- 2) That the Commissioner of Community and Fire Services be authorized to enter into discussion with Toronto 2015 (TO2015) regarding the Municipal Designation Program – “Host Municipality” and report back to Council on the program and costs in the first quarter of 2013; and
- 3) That the remaining unfunded portion of \$15.36M will be requested in the 2014 Capital Budget; and
- 4) That Community Services staff report back on the public art in Q1 2013 outlining processes, timing and budget;
- 5) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide a status update on the Markham Pan Am Project related to Site Preparation, Facility Design and Construction, Agreements, Project Oversight, Financial Considerations and the Municipal Designation Program.

BACKGROUND:

The City of Markham (City) agreed in 2009 to be a partner in the delivery of the Pan/Para Pan Am Games to be hosted in the GTA in July and August 2015. A MOU was signed in 2011 which outlined the partnership, roles and responsibilities of TO2015, Infrastructure Ontario (IO) and the City.

The City’s commitment to the games is building a 147,000 sq ft. facility which includes a 50 metre pool and field house. The Markham Pan Am Centre will host water polo, table tennis and badminton for the Pan Am games and table tennis for the Para Pan Am games.

OPTIONS/ DISCUSSION:

This report will provide an update on the following: Site Preparation, Facility Design and Construction, Agreements, Project Oversight, Financial Considerations and the Municipal Designation program.

A. Site Preparation

As required in the MOU the City was responsible to ensure that the site for the Pan Am Facility was construction ready. Extensive work has taken place on the site over the past

two years. The turnover date in the MOU was originally July 1, 2012, but was changed to August 31, 2012, based on a revised project schedule. As of August 31, 2012, we met all of the conditions for site turnover including the following:

- Completed the relocation of the Tributary 5 and construction of an underground storm water tank;
- Successful demolition of the existing Emmerson building and recycling approximately 95% of the building material;
- Completed extensive soil remediation of the site to meet stringent MOE criteria due to the construction of an enclosed public pool and the proximity to the watercourse;
- Obtained all external agency approvals (TRCA, MTO) and provided Site Plan and Building Permit approval in a timely manner;
- Constructed site entrances at Main Street and YMCA Boulevard;
- MDE has completed their work to service site;
- The two required Record of Site Condition have been acknowledged (approved) by the Ministry of the Environment:
 - One for within 30m of the watercourse which required removal and replacement of contaminated soil to Table 8 standards, and
 - One for the balance of the site which, while it included some soil removal, was largely accomplished by an MGRA (modified generic risk assessment).

B. Facility Design and Construction

The schematic design for the facility was approved by Council in early 2011 resulting in extensive work being undertaken in completing facility design development, detailed design and construction documents.

The RFP for construction of the facility was released March 2012 to three qualified bidders and was officially awarded to Bondfield Construction Ltd in early September 2012. Bondfield has been on the site since the first week of September. Construction will continue for a 24 month period, with the expectation for the facility to be open August 2014.

Under the Facility Agreement, Project Management is the responsibility of IO. Their role is to ensure that the facility is on time and on budget, and meets the needs of the partners, the City and TO2015. The City's interests will be assured by assigning internal project liaison from Asset Management to work with IO throughout the project and by participating on oversight committees.

C. Facility Agreement

The Facility Agreement is a tri-partite agreement between the City, TO2015 and IO and was signed August 2012. Council authorized the Mayor and Clerk to sign the Facility Agreement in February 2012 satisfactory to the CAO, Commissioner of Community and Fire Services and the City Solicitor. The purpose of the agreement is to describe the

working relationship between the three parties through the construction of the facility, game(s) time and legacy operation. Key highlights of the Facility Agreement include:

- Principles for Partnership
- Facility Delivery – design, construction and budget
- Facility Operations pre 2015
- Training Events, Test Events and Pre-Games inspection
- TO2015 Exclusive Use Period
- Special Rights of TO2015 – naming signage, sponsorship
- Marketing & Intellectual Property Rights
- Post Games Legacy Matters
- Insurance
- Representations and Warranties
- Force Majeure
- Termination
- Key personnel, Dispute Resolution and Parties Communications
- Term of Project Agreement and linkages to Multiparty Agreement, Joinder Agreement and MOU including the role of the Federal Government and the Provincial Government of Ontario.

Summary of General Items

- Markham Pan Am Centre is designed to meet all International Federation requirements for Water Polo, Badminton and Table Tennis.
- Official languages – must use English and French in all signage during the Games Time.
- TO2015 will provide a grant to the City in the fixed amount of \$31.92M, and the City will be responsible to fund the remaining Pan Am Facility (Project) construction budget up to a maximum amount as agreed to by Council in June 2011. The total revised Project budget is \$78.51M of which Markham's share is now \$46.59M.
- Markham will be responsible for 100% of the following unbudgeted costs: public art and the Municipal Designation Program.
- Provincial backstop is for the operation of the Pan Am games and TO2015's financial commitments pursuant to its agreement with the Province.

Summary of City of Markham Pre Games Responsibilities

- City will permit the use of the building for training and test events facilitated by TO2015 and National Sport Bodies at no charge.
- Food /Beverage contracts will need to acknowledge that they are excluded during test events.
- Naming and Signage Rights – TO2015 has exclusive rights to designate a name for the facility until the Games are completed and erect signage, associate any trademarks or branding of the facility, including the use of the site hoarding to promote the Games.
- City will insert non-association clause in all of its contracts for the Facility to avoid Ambush Marketing.

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- No one other than TO2015 has rights to use the trademarks or Games emblems and they will restrict authorized use.
 - Construction will not commence on remaining adjacent Emmerson building site unless it can be completed by March 31, 2015.
 - City will operate the facility from substantial completion to Games period.
 - City will allow test and training events for each venue, organized by the Provincial/National Sport Governing Body.

Summary of Games Time Responsibilities

- May 1 to September 15, 2015 Facility is turned over to TO2015.
- Games Overlay of the site and facility will be prepared by TO2015 before the start of the games.
- July 10 to July 26, 2015 - Pan Am Games.
- August 7 to August 14, 2015 – Para Pan Am Games.
- The City will not charge TO2015 fees to use the building or parking.
- Incremental costs as provided for in the agreement for heat/hydro/waste will be paid by TO2015.
- Food /Beverage contracts will need to acknowledge that they are excluded during the games.
- City must make available a portion of the west side of the site for hosting the games.
- Customary recreation facility staff will remain in the building during the games to assist with building operation. Staff will need to be accredited in accordance with TO2015 protocols.

Summary of Post Games Responsibilities

- City must use building for community sport and recreational use.
- City must provide access to high performance sport organizations as designated by TO2015 or Sport Governing Body.
- These designated groups shall be provided preferential access of not less than 10% of the programming hours at times mutually acceptable to the City.
- Preferred rate of no more than 75% of normal charge out rates of the facility by the general public for designate groups determined by the Sport Governing Body.
- City must seek approval of the Federal Government for the legacy name of the building.

D. Project Oversight

Staff will contribute to project completion, keeping the project on budget, through our roles on various committees with IO and TO2015.

Asset Management staff will provide internal project oversight to ensure Markham's interests are communicated and protected and also monitor progress and budget (payment draws).

An internal Executive Project team has been put in place to ensure successful completion of the project. The team is comprised of the CAO, Commissioner of Community and Fire Services, Commissioner of Corporate Services, City Treasurer, City Solicitor and Directors from Asset Management, Recreation, and Communications.

Staff will provide regular updates to General Committee at minimum twice a year.

E. Municipal Designation Program

The TO2015 Pan/Para Pan Am games is about creating facilities that will host a first rate athletic competition. A high priority of the games is also to engage the community to celebrate sport and culture. TO2015 is meeting with the municipal partners on a regular basis to discuss how they can work with communities to generate community interest and excitement about the games.

Recently TO2015 introduced the outline of their Municipal Designation Programs. In order to increase activation impact as a partner of TO2015, municipalities have the opportunity to access additional rights and benefits in exchange for increased support level of the Games. Municipalities are able to activate specific designation marks in accordance with brand guideline and approval process. TO2015's proposal that includes a four tier program: Viva, Bronze, Silver and Gold. See attachment A.

Staff are recommending that the City of Markham initiate discussion with TO2015 regarding the Municipal Designation program. Based on initial discussion with TO2015 the Gold level program will be in the range of \$400 - \$500k. An evaluation of the Municipal Designation Program will be undertaken by staff.

TO2015 have advised that they will be available to meet with the City early in 2013 to determine costs. Staff will report to Council in Q1 of 2013 outlining the program and costs of the Municipal Designation program seeking Council direction on participation.

F. Site Enhancement

Throughout the schematic development and design phase of the Markham Pan Am facility there was discussion by Council about the introduction of a public art feature in the piazza area (north east corner of site) to showcase the facility and to create energy and activity on the grounds of the site. This would also support the recent Council approved Public Art Policy that allows for up to 1% of the construction cost to be allocated to Public Art for municipal projects.

The discussion to date has been focused on the development of a 'water feature', which would be installed upon completion of the facility project but before the Games (during fall of 2014). This was not included in the original project costs. Further work is required to develop a scope of work and process for design and development of such a feature. No funding source has been identified currently to support site enhancements.

Staff will report back on the scope of work, an identification of a funding source and process for design and costing in Q1 of 2013.

G. Pan Am Facility Project Budget Update (Shared between TO2015 and City)

The overall project costs for this facility are \$78.51M, excluding site preparation work. These costs were determined through the tender process led by IO.

The Project budget was approved by Council in June of 2011. The overall project is currently in good shape. However, the City through the Facility Agreement is obligated to ensure that our entire financial commitment remains available until project completion. Therefore, we will need to hold the difference between budget and tender until the project completion. The Facility Agreement provides that if any contingent liability (such as an uninsurable catastrophic event), not caused by an act or omission of one of the parties, and outside the scope of the contract, arises, the process for dealing with it is as follows:

- a. First any remaining contingency amounts within the Target Budget will be applied, if insufficient;
- b. Mutually agreeable reductions in project scope may be considered, and if not agreed or if insufficient;
- c. City will pay costs up to the City Budget Savings, and, if insufficient;
- d. Determine if additional funding is available from TO2015 and City, and others, and, if insufficient;
- e. Grant IO the authority to make scope reductions it deems necessary to deliver the project within the Original Project Budget, then, if necessary;
- f. Terminate the project.

H. Site Preparation and Building Demolition Budget Update (100% City Funded)

Extensive site preparation work has been completed and the following table summarizes the existing capital budget status.

Table 2: Site Preparation and Building Demolition Budget Status

	\$M
Site Preparation (#11416)	2.51
Building Demolition (#12465)	0.75
Total Budget	\$3.26
Less: Spent-to-date & Commitments	2.77
Remaining Budget Available	\$0.49
Allocation for future internal staff recovery *	0.22
Remaining Budget Unallocated	\$0.27

* A portion of the remaining Site Preparation and Building Demolition budget will be allocated for internal staff recovery during the 2 year construction period in the estimated amount of \$0.22M.

I. Community Engagement Strategy for Markham Residents

Sporting and Cultural groups and residents have expressed interest in working together to promote the spirit of the games and generate legacies for Markham. Staff have been in

discussions with numerous groups and individuals whom would like to participate in a workshop to shape opportunities for our residents, youth and businesses. Staff will be consulting with Members of Council on the development of a Pan Am Community Engagement Strategy for Markham. Staff will report back in the first quarter of 2013 on the overall plan and key actions to engage and excite Markham residents as the venue host for three Pan Am and Para Pan events. The Municipal Designation Program operated by TO2015 will be aligned with our Community Engagement Strategy.

As well each sport event that will be hosted in our facility will be assigned a Sport Organization Chair who will work with staff to ensure the success of the event during games times, and to develop a legacy program within the community. Staff have recently met with Phillip Chow – TO2015 Badminton Sport Organization Chair, who has developed a comprehensive plan to create a strong foundation for the continued development of Badminton in our community. In early 2013 Phillip Chow will present the plan to Council.

FINANCIAL CONSIDERATIONS

	Site Prep	Pan Am Facility Project	Total
<u>Cost Summary (in \$M)</u>			
Site Prep & Internal Project Management	2.51		2.51
Building Demolition	0.75		0.75
Construction & External Project Management		46.59	46.59
Total Cost	3.26	46.59	49.85
<u>Funding Summary (in \$M)</u>			
Project #11416 - "Toronto 2015 Pan/Para Pan American Games"	2.51		2.51
Project #12365 - "Pan Am Soft Costs"		7.03	7.03
Project #12465 - "Building Demolition"	0.75		0.75
Total Approved Funding to date	3.26	7.03	10.29
2013 Capital Budget		24.20	24.20
2014 Capital Budget *		15.36	15.36
Total Funding	3.26	46.59	49.85

*Subject to Council Approval of the 2014 Capital budget.

In summary the total required City funding for this project is (including construction, site preparation and building preparation) \$49.85M of which \$10.29M has already been funded. A 2013 Capital budget includes funding of \$24.20M for this project and the remaining balance of \$15.36M will be included as part of the 2014 Capital budget process.

Pan Am Centre – Funding Agreement

	\$ Contribution	% Share
TO2015	\$31.92	40.66
City of Markham	\$46.59	59.34
TOTAL	\$78.51	

HUMAN RESOURCES CONSIDERATIONS

Internal project management resources are in place to monitor and provide oversight of the city's interest

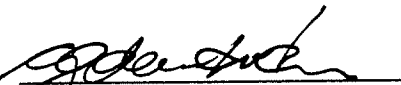
ALIGNMENT WITH STRATEGIC PRIORITIES:

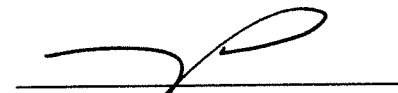
This project is in line with the City's strategic focus of the Integrated Leisure Master Plan and Growth Management, and Diversity Plan.


BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance Department and Legal Department have been consulted.

RECOMMENDED**BY:**


Gary Adamkowski
Director, Asset Management


Mary Creighton
Director, Recreation Services


Brenda Librecz
Commissioner, Community and Fire Services