

October 30, 2024

File No. 3-60

REPORT TO: Mayor Dumas and Members of Council

SUBJECT: **Marathon Active Living Centre (ALC) Project Development**

Background:

Town Council has strategically identified the need for the new Active Living Centre (ALC) and recreation complex. The existing Recreation Complex was built in the early 1970's. The existing Lakeview Community Hall was built in the early 1950's. Both facilities have provided (combined) over 120 years of recreation and community service; but both facilities have reached the end of their useful lives and need to be replaced. Refurbishment and/or renovation of these facilities is not a viable option nor is it a wise capital investment decision.

Administration began working on the new Active Living Centre concept in 2015. To date, almost 10 years later, hundreds of thousands of hours have been invested in developing the project to bring it to Council on October 30th, 2024. Below, a summarized chronology of the project has been listed.

Project Development Chronology

- 2015 – Project start
- 2016 – Public Consultation #1
- 2017 – January – Public Consultation #2
- 2017 – March – Project preliminary Financial Plan – completed by MNP
- 2017 – July – Public Consultation #3
- 2017 – September – Feasibility Study Report completion
- 2017 – November – Feasibility Study #2 and Public Report
- 2018 – February – Case for Funding Support Report
- 2019 – November – Case for Funding Support Report – updated
- 2019 – Application submitted to the Invest in Canada Infrastructure Program
- 2021 – Notification of unsuccessful application
- 2021 – Development of a new ALC Funding Plan - Lake Superior waterfront location
- 2022 – November - New Plan presented to Council
- 2022 – November – New ALC Concept and Plan approved by Council

Discussion:

As time has progressed, the Town has slowly grown and moved away from the water. This project will aim to re-establish the waterfront as the hub for activity for the community. The ALC is the driving force in bringing the Town back to the water.



A tremendous amount of planning and work has been completed in 2023 and 2024 to arrive at this critical project milestone. Below is a comprehensive list of major project undertakings and accomplishments to date:

- Evaluation of project development site
- Functional Program development
- Conceptual/Schematic Design and Costing
- Class D Cost estimate completion
- Approval of Schematic Design and Costing and proceed to Design Development
- Preparation of Design Development drawings and specifications
- Completion of Cost Estimate – Class C Design Brief
- Approval of Design Development and proceed to Construction Drawings
- Prepare Construction Drawings and Specifications
- Class B Cost Estimate completion
- Approval of Class B (85%) complete Construction Documents
- Completion of ALC Proposed Capital Budget and Financial Plan as of October 2024
- Federal Green and Inclusive Building Fund application submitted - \$35M (October)
- Securing of BN (\$1M) and NN (\$500,000) funding contributions

The application for the Ontario Community Sport and Recreation Fund (\$15M) is currently 60% percent complete and is scheduled to be submitted by mid-November. Following that submission, a funding application will be submitted to the Federation of Canadian Municipalities Green Municipal Fund.

Overall, the financial sustainability plan for the proposed ALC relies on diversified capital funding sources, development of an ongoing facility business plan which includes ongoing revenue generation, operational and energy efficiency, and marketing and engagement strategies to ensure high facility usage and regional support. With these elements in place, the facility will provide lasting benefits to Marathon residents, our First Nation partners, and the surrounding communities while remaining financially viable for years to come.

On the operational side, the construction of the new ALC will provide a significant financial sustainability benefit to municipal operations based on decommissioning current recreation facilities that are at the end of their useful life and have current high/poor Facility Condition Index ratings. The ALC is designed and will be constructed at a very high energy efficiency rating (Net Zero Building Design Standard) which will provide more opportunities for net cost savings.



While a detailed financial analysis demonstrates the ALC project's strengths, affordability, and sustainability, it is important to note that the project will only proceed to construction based on available capital funds. This stated, now is the time to tender this 'once in a lifetime' project and continue the momentum that has been built over the last ten years.

**Financial
Implications:**

Given both the diverse functional scope of the project and the higher cost of construction in Northern Ontario, the overall cost on a square meter basis is comparable to other recent community centre construction costs across Ontario. A key to achieving a competitive construction cost is to move forward to the tender stage expeditiously to ensure maximum exposure of the project well in advance of the 2025 construction season. It has been estimated that delaying going to tender in 2025 will result in a cost escalation of approximately three percent (3%) per year (~\$2.1M) and compounded yearly by CPI increases.

Diversified capital funding support to build the ALC is key and assures this legacy community investment will be affordable to Marathon residents and financially sustainable. The table below outlines in detail the proposed capital costs as well as the proposed capital funding plan to support the project.

Table 1 – Summary of Proposed ALC Capital Budget (October 2024)



ACTIVE LIVING CENTRE - PROPOSED CAPITAL BUDGET (TOTAL CAPITAL COST INCLUDING HARD AND SOFT COSTS)

As at Oct 23, 2024

A: PROPOSED CAPITAL COSTS

Facility Element	Major Components	Estimated Capital Cost *
CAPITAL COSTS INCLUDED IN TENDER (HARD COSTS)		
A. Building Shell	A1 Substructure/Foundation	\$ 2,307,380
	A2 Structure	\$ 8,595,470
	A3 Exterior Enclosure	\$ 6,681,600
	Subtotal	\$ 17,584,450
B. Interiors	B1 Partitions and Doors	\$ 4,555,480
	B2 Finishes	\$ 3,003,990
	B3 Fittings and Equipment	\$ 4,836,080
	Subtotal	\$ 12,395,550
C. Services	C1 Mechanical	\$ 9,623,020
	C2 Electrical	\$ 3,673,860
	Subtotal	\$ 13,296,880
TOTAL BUILDING COST		\$ 43,276,880
D. Site Development	D1 Site Development	\$ 4,202,180
	Net Building Cost - Including Site	\$ 47,479,060
E. General Requirements and Building Fees	General Requirements - 10%	\$ 4,747,900
	Building Permit/Other Fees	\$ 1,566,800
	Subtotal	\$ 6,314,700
	TOTAL CONSTRUCTION COST (EXCLUDING ALLOWANCES)	\$ 53,793,760
Allowances and Contingency	Design Contingency - 6%	\$ 3,227,700
	Cash Allowances	\$ 2,910,300
	Cost Escalation Contingency to Tender (3%)	\$ 2,100,000
	Subtotal	\$ 8,238,000
Subtotal with Allowances		\$ 62,031,760
Construction Location Factor	Estimated at 14%	\$ 7,589,100
Subtotal Total Construction Cost (per Tender)		\$ 69,620,860
CAPITAL COSTS NOT INCLUDED IN TENDER (SOFT COSTS)		
	Post Tender Construction Contingency - 4%	\$ 2,784,834
	Architectural Design Services - 6.45%	\$ 3,863,550
	Furniture, Fittings and Equipment	\$ 750,000
	Other (Geotechnical, Survey)	\$ 498,470
	Subtotal	\$ 7,896,854
TOTAL ESTIMATED CAPITAL COST (Pre-Tender)		\$ 77,517,714

*Excludes HST

B: PROPOSED CAPITAL FUNDING

Financing Partner	Program/Name	Amount	% of Total
Government of Canada	Green and Inclusive Buildings (GICB)	\$ 35,000,000	45%
Province of Ontario	Community Sport and Recreation Infrastructure Fund (CSRIF)	\$ 15,000,000	19%
Federation on Canadian Municipalities	Municipal Green Fund		
	- Building Grant (15% of Loan amount)	\$ 1,140,000	1%
	- Low Interest Loan	\$ 7,600,000	10%
	- FCM Green Building Feasibility Grant	\$ 200,000	0%
Corporate Sponsorship	Under Consideration	\$ 8,000,000	10%
First Nation Community Partners	Confirmed	\$ 1,500,000	2%
Community Fundraising	Program to be Developed	\$ 2,000,000	3%
Subtotal Non-Town		\$ 70,440,000	91%
Town of Marathon	Existing Reserves and Other Funds	\$ 4,077,714	5%
	Prior Approved Funding - Feasibility/Design	\$ 3,000,000	4%
	Subtotal Town of Marathon	\$ 7,077,714	9%
TOTAL CAPITAL PROJECT FUNDING		\$ 77,517,714	100%

Options:

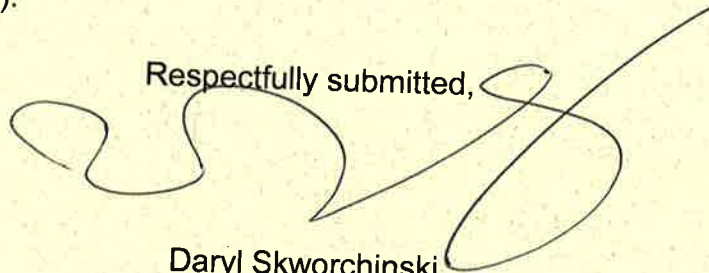
At this point in the project's development lifecycle, there is no further work that Administration and the Project Development Team can complete to further the project on the planning side. A decision must be made on the future of the project.

Based on the foregoing, Administration is presenting Council with the following options:

- A) Proceed with Class A final project engineering, design, and construction/tender documents in November/December 2024, and tender the Marathon Active Living Centre project nationally in January 2025. Proceeding to tender does not bind the municipality as the project would be subject to final budget approval inclusive of funding partner contributions. Any successful tender, subject to funding, would be approved by Council and a proper legal contract entered into being bound by the Mayor and the Clerk.
- B) Do not proceed with tendering the project at this time.

Recommendation: Your Administration recommends that Option A) be selected and that Council directs the CAO/Clerk to proceed to construction tender in January 2025 through a competitive process for the Active Living Centre based on the Class B costs estimates provided by Hanscomb (October 2024).

Respectfully submitted,



Daryl Skworchinski
CAO/Clerk

Appendices

- Marathon Active Living Centre Capital Budget and Financial Plan Report (Oct 2024)

