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**Item No. 11.1.15**  
**Halifax Regional Council**  
**May 26, 2015**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by 

**SUBMITTED BY:**

Mike Labrecque, Deputy Chief Administrative Officer

Original Signed

Brad Anguish, Director, Parks & Recreation

**DATE:** May 11, 2015

**SUBJECT:** Dartmouth 4-Pad Process

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#### **ORIGIN**

July 29, 2014 Regional Council motion:

MOVED by Councillor Mason, seconded by Deputy Mayor Fisher that Halifax Regional Council:

1. Direct staff to commence planning for the renovation of the Halifax Forum in as a multiyear planned strategic project based on the Forum Community Association submission and developed to ensure best design, plan, and possible on site partnerships for the forum site including possible mixed use opportunities, targeted for completion in 2019.
2. Declare the Devonshire arena building surplus to recreation needs upon completion of the Dartmouth 4-Pad complex and direct staff to initiate the process to demolish the building and retain the land for future recreation needs.
3. Direct staff to commence planning for the construction of a 4-Pad arena in Dartmouth at Commodore Drive as a planned strategic project to replace the Gray, Bowles, Lebrun arenas targeted for completion in 2017.
4. Declare Gray, Bowles, and Lebrun arenas surplus to recreation needs upon the completion of the Dartmouth 4-Pad arena and direct staff to review the properties under Administrative Order 50.
5. Direct staff to continue to explore funding from other levels of government and potential private sector partners.

**MOTION PUT AND PASSED.**

#### **LEGISLATIVE AUTHORITY**

Under Subsection 79(1)(ah) of the *Halifax Regional Municipality Charter*, Council may expend money required by the Municipality for ...ice arenas and other recreational facilities.

Administrative Order #35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for RFP's and tenders respectively.

## **RECOMMENDATION**

It is recommended that Halifax Regional Council direct staff to:

1. Proceed with a Request for Proposals (RFP) for the Design, Build and Operation (DBO) of the new Dartmouth 4-Pad with components as outlined under the summary of RFP requirements in Table 1, and return to Regional Council for contract award;
2. Include the potential for provision of space requested by private sector and provincial sport organizations on a cost recovery basis in the RFP; and
3. Continue to explore potential partnership opportunities with private sector and provincial sport organizations.

## **BACKGROUND**

The Long Term Arena Strategy (LTAS) presented to Regional Council in August of 2012 took a broad view of all aging arenas in HRM, and resulted in Council directing staff in July 2014, to advance with planning for a 4-Pad arena in Dartmouth.

The July 2014 Council direction indicated that the new 4-Pad is to be located on Commodore Drive and is intended to be open for the fall of 2017. As part of the Regional Council motion, staff was directed to continue to explore opportunities for “funding from other levels of government and potential private sector partners.”

Staff has completed a detailed site assessment and is finalizing documentation for the issuance of a request for proposals for construction of the 4-Pad arena. Determination of the most appropriate and effective methodology for completion of the facility was the first step in staff’s initiation of the project upon approval by Council.

During the Parks & Recreation budget presentation at Committee of the Whole, staff committed to return to Council to provide an update on the project scope and methodology for the 4-Pad.

## **DISCUSSION**

This report addresses Items #3 and #5 from the Regional Council meeting of July 29, 2015 and provides a project overview with particular details on the following:

- Request for proposal (RFP) process
- Recreation program requirements
- Updated building design requirements and site information
- Potential partnerships
- Project process, timelines and risk

Detailed information regarding the potential costs of the project is outlined in the companion In Camera report entitled “Dartmouth 4-Pad”.

### **Request for Proposal Process**

In April 2008, during the initial phases of the BMO Centre project, Regional Council reviewed potential models for the new facility during a Committee of the Whole presentation. The presentation outlined potential development and operating models including a traditional municipal approach, expression of interest for private partnerships approach, and a design-build-operate (DBO) approach. Since the BMO Centre was the first 4-Pad arena undertaken by HRM, it was recommended that an Expression of Interest (EOI) process be used to determine whether there was interest from organizations within the private sector that had large scale construction expertise to partner on the construction and operation of the facility. The EOI process showed strong interest and also included a municipal shadow bid. As a result, in July 2008, Regional Council directed staff to issue a request for proposals for a design-build-operate (DBO).

Similar to the BMO Centre project, it is recommended that HRM issue a RFP for the design, build and operation of the new Dartmouth 4-Pad facility. HRM does not have capacity in-house to complete the overall design and construction for facilities in the order of magnitude of this project. A design, build, operate approach is an industry standard for facilities similar to this magnitude as it ensures that the appropriate expertise is available and utilized to optimize overall project outcomes. An additional benefit to this methodology is the requirement for each bidder to base their proposal on a Guaranteed Maximum Price (GMP), thus ensuring that the total cost of the base project does not exceed cost expectations of Regional Council.

Inclusion of an operator at the design and construction phase through a DBO process is also considered best practice as it allows potential operators to provide input into the design phase as well as obtain detailed knowledge about the facility during the construction phase. The DBO process provides an opportunity to ensure that facility design contains the most effective operational considerations and that the facility operator achieves strong technical expertise to allow for the proper operation and maintenance of the facility. The DBO approach also allows for completion of a facility in a shorter time frame as the processes are completed concurrently. For all of these reasons, a DBO process is considered the best practice for major facilities such as a 4-Pad arena.

As in the case of the BMO Centre project, this DBO process would include completion of an operational assessment to determine the comparable cost of the operation of the facility by HRM staff. The DBO submissions would each be evaluated to determine whether to recommend an award to proceed with the full DBO methodology, or to proceed with a design build contract and a municipally operated model.

## **Recreation Programming Requirements**

### Base Arena Requirements

The new 4-Pad arena on Commodore Drive is proposed to be a similar design and layout to the existing BMO Centre in Bedford. The recreation program components include one ice surface with approximately 350 spectator seats and three ice surfaces with minimal spectator seating (approximately 80 in each), office space, community meeting space and support space for the arenas, such as dressing rooms and referees rooms. Amenities that support the operation of the building would include food and beverage service provider(s) and a small retail space that offers skate sharpening and sale of related equipment.

### Burnside Fields Support Amenities

Staff is recommending the design of the arena building also incorporate program amenities for users of the adjacent artificial turf fields and volleyball courts. Although not included in the LTAS presentation to Regional Council, the inclusion of these amenities will complete the integration of the sport and recreation experiences on the site. The cost of providing these amenities is less when delivered as part of another project rather than as standalone facilities.

### Additional Considerations

Consultation took place with Dartmouth arena user groups and the Provincial Sport Organizations responsible for ice sports and lacrosse. The consultation was carried out to explore areas of the BMO Centre design that could be improved.

Examples of the recommended improvements include:

- Expansion of one ice surface from National Hockey League (NHL) to Olympic field of play (with a request from NS Speed Skate and other Provincial Sport Organizations for this ice surface to be accompanied with 300-500 seats)
- Improved spectator experience in all “non-spectator” arenas
- Improved availability of non-ice warm-up and cool-down space
- Inclusion of “shot-clocks” for ringette and lacrosse
- Availability of temporary on-ice “board systems” to allow for more effective sharing of ice times
- Improved access policies for event hosting, as well as for food and beverage availability

Many of the requests are “learnings” from the BMO Centre can be accommodated in the design of the

new 4-Pad without additional cost. Others will be reviewed as part of the operation of the new facility. As a result, the following are being recommended for inclusion in the scope of the new Dartmouth 4-pad:

- Increase one (1) NHL sized rink to Olympic size rink - recommended  
The larger sized ice would support a higher number of participants in all sports, in particular, younger players and improves the opportunity for skills development. In addition, it would allow for better geographic access for short track speed skating by adding an Olympic ice surface within the eastern region, thereby supplementing the existing Olympic ice surface located at the St. Margaret's Centre. This proposed increase could be accommodated with minor changes to the basic building layout and program.
- Additional Program Area of 280 square meters for field amenities - recommended  
Additional floor space has been requested for additional change rooms and washroom facilities, with direct access from the fields, to support field users. This will also accommodate space for non-ice warm-up and cool-down activities for users of the 4-pad.

### **Updated Building Design Requirements and Site Information**

The construction cost for the Dartmouth 4-Pad arena, in the July 29, 2014 Long Term Arena Strategy report, was projected to be \$43M. This projected cost was based on the construction cost of BMO Centre and increased by an escalation for annual inflation.

Since the construction of the BMO Centre, changes to the National Building Code have increased design requirements for the new 4-Pad. In addition, detailed analysis of the site has provided updated information on design constraints. A brief summary of each legislative requirement, site impacts and potential design changes are as follows:

#### National Energy Code for Buildings Changes

In January 2015, a new energy code came into effect upgrading building envelope, mechanical and electrical requirements which must be incorporated into the design of the new 4-Pad arena.

#### Public Art Allowance

This allowance was not part of the project cost for the BMO Centre, but is now required pursuant to HRM's Public Art Policy. The Policy requires public art valued at 1% of the capital cost be incorporated into this project.

#### Wetland Requirements

The Commodore Drive location has significant site development costs due to the extent of wetland areas which have now been delineated in greater detail. CBCL has conducted an assessment of the wetland and has prepared a Wetland Alteration Application to Nova Scotia Environment (NSE). It is expected that a wetland buffer will be required for approval from NSE.

#### Site Development Costs

Site development costs include sediment and erosion control, clearing and grubbing, excavation of peat, saturated soils and unsuitable materials, placement of clear stone and a geotextile layer, placing and compacting of structural fill at the building footprint, and asphalt paving at the parking areas.

#### Sports Field Parking

The new 4-Pad arena will be built in the area of the existing gravel parking lot associated with the adjacent all-weather fields. Replacement parking spaces will be provided, as part of this arena project, in the area between the fields and Commodore Drive.

#### New Intersection

A new intersection and revised left turning lane is required at Commodore Drive to provide new access to this site. The existing on-site turning circle and field drop off area will also need to be brought up to current standards.

In addition to the items that have been included in the RFP requirements, there are other items that have been considered but are not recommended for inclusion. These are:

Increase Structural/Snow Load Costs – not recommended

As a result of the weather events of this winter, and the subsequent lessons learned at the BMO arena site, changes to the roof design could be completed such that the building is constructed to Post Disaster Level based on the current National Building Code. HRM's Emergency Management Organization has confirmed that a post disaster level is not required. Snow load concerns can be mitigated through additional maintenance.

Roof Deck Viewing Platform – not recommended

An outdoor deck could be accommodated on the roof area. However, this item is not included in the RFP requirements as the proposed building elevation would not support it.

**Potential Partnership Opportunities**

Regional Council directed staff to explore opportunities for funding from other levels of government and the private sector. However, neither the Province of Nova Scotia nor the Government of Canada has programs which support this project at this time. Other infrastructure projects have been put forth by Regional Council as higher priorities for funding consideration.

Partnership opportunities may be an option to offset some costs. A valuation of the new facility will be completed in order to explore options for the sale of naming rights. In addition, potential commercial and stakeholder partners who could be considered in the development of the 4-Pad arena are being explored.

It is unclear at this time whether there is sufficient benefit or interest related to potential partnerships in the facility. Therefore, it is recommended that additional analysis be completed as part of the DBO process to determine whether there is any opportunity to consider potential partnership opportunities both within the project and with all costs offset through cost recovery or lease agreements.

**Summary**

In summary, the required components to meet recreation programming requirements, building design regulations and site development requirements have been included in the "Summary of RFP Requirements" outlined in Table 1. These items are recommended to form the scope of the RFP for the completion of the Dartmouth 4-Pad.

Table 1: Summary of RFP Requirements

1.	Base building – BMO Arena design, with the following additional requirements:
2.	Recreation Programming Requirements:
	• Additional 280 sq ft for field amenities
	• Increase one ice surface to Olympic
3.	Updated Building Design Requirements:
	• National Energy Code requirements
	• Public Art Allowance
4.	Site Requirements:
	• Wetland Requirements
	• Site development costs
	• Sports field parking
	• New intersection

In addition, it is also recommended that staff be directed to include exploration of potential partnerships in the RFP document. In the case of potential partnerships, inclusion of their consideration would not be as a requirement but rather to enable further exploration to determine both if the site and building design could accommodate partnerships and if so, whether there is sufficient interest from any potential partners to proceed with the enhancements on a cost recovery basis.

### **Commodore Drive Site**

All of the site constraints create challenges and, as a result, the potential for additional costs for the 4-Pad project. During the completion of the LTAS, the Concept Site Design Report reviewed 6 sites for their advantage, disadvantages and risks. The risks identified for the Commodore Drive included geotechnical, environmental (wetland), stormwater management and high water table. A cost estimate for all risks at each of the sites is not typically included in a Concept Site Design Report.

As a result, the Commodore Drive site was determined to be the best site as a result of its access to major traffic routes and the opportunity to create a recreation campus with multiple amenities. While other sites also have potential site constraints that would cause additional project costs, Regional Council could direct staff to undertake further assessment of alternate sites for the Dartmouth 4-Pad to determine if site costs could be reduced.

### **Project Timeline, Process, and Risk**

#### Project Timeline

The proposed RFP schedule is time sensitive to achieve Council's service delivery expectations that the new 4-Pad arena be open for business at the commencement of the regular fall season in September 2017.

The RFP process is estimated at approximately 180 days from commencement to completion, and does not allow for a contingency in terms of additional time. If this timeline is unable to be achieved, the project would be delayed by one year as a result of requirements for program scheduling.

To achieve the 2017 opening, the following schedule will be required:

June 2015	Post RFP
July 2015	Meetings with Proponents Complete and Invitation to Round 2
September 2015	Contract Negotiations Complete
October 2015	Staff Report to Regional Council for Award

#### Project Process

The RFP would outline a three-category approach, which would provide pricing options for Council's consideration. The RFP would include two separate categories for evaluation, with a separate category for cost envelopes for each aspect.

Category 1	Design Build Proposal (Design and Construction Guaranteed Maximum Price) Includes: base bid, and optional itemized pricing, project schedule and drawings/specifications
Category 2	Operating Proposal Includes: Preliminary Operating Assumptions, Five-year proforma, operating approach, etc.
Category 3	Cost Envelope

#### Risk

Project Risk Management has identified the following risks:

Table 2 – Risks

	Category	Description	Likelihood	Impact	Mitigation Strategy
1	Regulatory risks	Authorities Having Jurisdiction (AHJ) and the interpretation of regulatory requirements.	LOW	LOW	Continue on-going meetings with AHJs to foresee and address potential issues.
2	Marketplace risks	Availability of contractors to respond to the RFP.	LOW	LOW	Advertise the RFP widely to attract a larger group of potential Bidders.
3	Site subsurface risks	Type, extent and depth of unsuitable materials, groundwater conditions.	HIGH	MED	Wetland area assessment completed. Geotechnical survey underway.
4	Site development risks	Availability / source of local structural fill, material and trucking costs.	MED	LOW	Source potential options and partnership opportunities within Burnside / Dartmouth Crossing.
5	Potential Lease space risks	Proposed lease spaces may not be marketable in the future.	LOW	LOW	Require flexibility in design solutions and support innovative marketing strategies.
6	Schedule risks	Delays in project schedule resulting in delay of scheduled opening.	LOW	LOW	Requirement for specific completion date to be included as a DBO contract term.
7	Scope risks	Expansion of scope resulting in impact to budget.	LOW	LOW	Stakeholder meetings held, Project Charter developed.
8	Budget risks	Bids exceed Budget capacity.	LOW	LOW	Cost 'D' Estimate has been prepared for reference.
9	Construction risks	Product and building systems risks.	LOW	LOW	Design Build Operate project delivery method selected.

### Funding Model

Regional Council approved the Strategic Capital Funding Strategy on July 29, 2014. The Dartmouth 4-Pad arena was included in the planned strategic projects list. As outlined in that strategy, the funding model intended to finance the project included funding from the Q146 - Planned Strategic Project Reserve.

The Planned Strategic Project Reserve is used to fund planned strategic projects such as the Halifax Multi-Pad, Dartmouth Multi Pad, Dartmouth Sportsplex Upgrades, Cogswell Interchange and the \$50M/5yr projects. The reserve will be funded from the specific sale of properties such as Bloomfield, Queen Street property, Bayne Street and St. Patrick's Alexandra school as outlined in the Strategic Capital Projects presentation and recommendations approved by Regional Council on July 29, 2014.

Further, pursuant to Regional Council's July 29, 2014 direction to declare the Devonshire, Gray, Bowles, and Lebrun arenas surplus to recreation needs upon the completion of the Dartmouth 4-Pad arena, the four arenas will be closed at the end of the regular 2016 season. Timely closure is critical to ensure that the required ice inventory for HRM is maintained at an optimal level for financial sustainability as identified in the Long Term Arena Strategy.

### **FINANCIAL IMPLICATIONS**

The total projected project cost of the Dartmouth 4-Pad arena was outlined to be \$43.0 million. Regional Council approved the Strategic Capital Funding Strategy on July 29, 2014 which included the project with funding as outlined below.

#### Dartmouth 4-Pad Funding Strategy Summary:

Cash Flow -				
Capital Account	CB000049	2015/16	Q146	\$ 2,000,000
		2016/17	Q146	\$20,500,000
		2017/18	Q146	<u>\$20,500,000</u>
				\$43,000,000

The funding was subsequently approved by Regional Council in the 2015/16 Capital Budget on April 28, 2015. With the required and proposed changes to the building design, the estimated project cost may exceed the approved budget. However, since the actual cost for the project will be determined through a public procurement process, the final cost will not be known until that process is completed. Should the bid price exceed the budgeted amount, staff will return to Council for direction on whether to allocate any additional required funding in the upcoming 2016/17 and 2017/18 capital budgets, to adjust the project scope in order to meet the budget amount or otherwise.

### **COMMUNITY ENGAGEMENT**

Community consultations related to the design of the building have been completed with key stakeholders and user groups.

### **ENVIRONMENTAL IMPLICATIONS**

HRM have applied for a Wetland Alteration Permit, in compliance with the regulations of the Nova Scotia Environment (NSE). Preliminary response from NSE indicates that the wetland alteration may be approved for this project. This permit has been applied for at this stage to mitigate schedule and cost risks to the project after the award of the Design Build Contract.

### **ALTERNATIVES**

- Alternative 1: Regional Council could direct staff to not initiate a DBO for the operation of the Dartmouth 4-Pad, and proceed instead with a municipal model. It should be noted this could delay the completion of the 4-Pad beyond fall of 2017.
- Alternative 2: Regional Council could decide to amend inclusion of any of the project components outlined in Table 1 as part of the RFP for the facility.
- Alternative 3: Regional Council could direct staff to complete further exploration and analysis for an alternative site as a means of mitigating risk and costs associated with the Commodore Drive site. It should be noted this would delay the completion of the 4-Pad beyond fall of 2017.
- Alternative 4: Regional Council could direct staff to explore and negotiate agreements directly with any potential partners, and then transfer administration of the completed agreements to the new operator of the Dartmouth 4-Pad. It should be noted this would reduce the ability to leverage synergies in the design of the facility.

### **ATTACHMENTS**

None



A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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