

Date: 2022-05-27

Subject: Budget Amendment and Development Framework for the Multipurpose Cricket Facility – Ward 3

Contact: Marlon Kallideen, Commissioner of Community Services

Report Number: Community Services-2022-579

Recommendations:

1. That the report from Melissa Qi, Advisor, Community Services, dated May 27, 2022, to the Council Meeting of June 1, 2022, re: **Budget Amendment and Development Framework for the Multipurpose Cricket Facility – Ward 3**, be received; and
2. That staff proceed with issuing a Request for Pre-Qualification (RFPQ) for a P3 delivery model for the Multipurpose Cricket Facility; and
3. That staff retain the consultants necessary to assist with the evaluation of the proponents and delivery models submitted for the RFPQ; and
4. That a new capital project be established in the amount of \$150,000 for consulting services to assist with the evaluation of the proponents and delivery models submitted for RFPQ, with funding of \$150,000 transferred from Reserve #134 - Recreation Development Charges; and
5. That staff report back to Council on the results of the RFPQ and the evaluation.

Overview:

- **The Multipurpose Cricket Facility is being driven by community demand, the Global T20 Canada tournament, the Commonwealth Games bid along with the potential broader sports tourism and economic benefits.**
- **On December 6, 2021, Council directed staff to report back on a framework and public-private-partnership (P3) option for a multi-purpose cricket facility at the CAA lands, where the City retains ownership of all or most of the CAA lands, and options for possible private sector facility development and/or management, for a possible Request to Begin Procurement process for Council approval.**

- **This report is intended to inform Council of the framework to explore alternative delivery models for the Multipurpose Cricket Facility, using Infrastructure Ontario as the primary source of guidance.**
- **The three main types of P3 delivery IO generally employs are Build–Finance, Design–Build–Finance, and Design–Build–Finance–Maintain. See Appendix A for more details. IO considers projects with a capital cost greater than \$100 million potentially viable for Public-Private Partnership (P3) and evaluates those under the threshold on a case-by-case basis. An external Value for Money assessment, which determines whether a P3 will achieve greater value for money for the public than a traditional delivery model should be substantiated for the project to proceed with a P3 delivery.**
- **P3 projects generally begin with an initial assessment followed by a procurement process. The former is mainly to evaluate the suitability of a project for P3 and ascertain market interest. The procurement process is then undertaken to produce a successful candidate, and this may entail hiring consultants and advisors, appointing a fairness auditor, assembling a project team and preparing draft agreements and schedules, among others.**
- **If Council wishes to explore a P3 delivery of the Multipurpose Cricket Facility, staff suggest proceeding with a Request for Pre-Qualification to gauge market interest and capacity, substantiate value for money, confirm viable P3 models and produce a short list of qualified candidates. Alternatively, Council may direct staff to proceed with the original traditional procurement with a revised project cost of approximately \$49 million.**

Background:

The Multipurpose Cricket Facility is being driven by increasing demand for cricket field use by the Brampton community where the growth of the sport has outpaced the fields available for rent. The Global T20 Canada tournament and the Commonwealth Games bid further accelerated the desire to construct the facility. The Multipurpose Cricket Facility will put Brampton onto the world stage as a sports and entertainment host, and bring broader sporting tourism and economic development to the City.

Although mainly reserved for cricket, the facility will have the ability to be converted for other uses such as sports tournaments and special events. The multiuse will maximize utilization and diversify revenue streams, as exemplified by those in the U.K., Australia and the U.S. The facility will be able to accommodate additional adult and youth cricket programming to service the residents and expand development opportunities for the

sport. This type of facility is often programmed to accommodate a variety of other outdoor community uses:

- seasonal events (festivals, holiday shops, ice skating)
- educational uses (graduation ceremonies, sports and events)
- concerts and performances
- fitness competitions
- movie screenings
- public art installations

The facility was originally proposed for Gore Meadows Community Centre. Two Request for Proposals were subsequently cancelled as they failed to produce qualified candidates. The facility was then relocated from to the CAA lands to accommodate the high traffic volumes associated with major events. Staff sought Council approval on September 22, 2021, for \$5 million for the design, contract administration and advisory services for a Multipurpose Cricket Facility. The report was received for information only.

On December 6, 2021, Council directed staff to report back on a framework and public-private-partnership (P3) option for a multi-purpose cricket facility at the CAA lands, where the City retains ownership of all or most of the CAA lands, and options for possible private sector facility development and/or management, for a possible Request to Begin Procurement process for Council approval.

Current Situation:

The purpose of this report is to inform Council of the framework to explore alternative delivery models for a Multipurpose Cricket Facility and to gauge market interest in a Public-Private Partnership. Public-Private Partnership (P3) is an alternative financing and procurement project delivery model to traditional project delivery. Staff refers to Infrastructure Ontario's (IO) approach to P3 for the following analysis.

IO considers a range of project delivery options for its major infrastructure projects, including the traditional Design-Bid-Build (DBB). The three main types of P3 delivery IO generally employs are Build-Finance (BF), Design-Build-Finance (DBF), and Design-Build-Finance-Maintain (DBFM). See Appendix A for more details on each option. Variations may exist whereby the operation of the facility is included in the model. P3, if viable and executed well, can leverage private sector expertise and innovation while transferring the necessary risks to the private partner.

Despite being a global leader in infrastructure development, IO maintains that a P3 may not be the preferred method of delivery for all projects. Following an Auditor General recommendation in 2014, IO increased the project capital cost for P3 consideration from a previous threshold of \$50 million to \$100 million. Projects under \$100 million may not generate the best value as a P3 and are assessed on a case-by-case basis. This threshold is consistent with other Canadian jurisdictions, including PPP Canada, Partnerships BC, SaskBuilds and Alberta Infrastructure.

The decision to proceed with a P3 is based on multiple factors, one of which is a Value for Money (VFM) assessment. VFM helps to determine whether P3 will achieve greater value for money for the public than a traditional delivery model. As P3 has inherently higher financing and transaction costs, the VFM compares those with the benefits of transferring risks to the private sector and the innovation that comes from an integrated, performance-based approach. IO engages an external advisory firm to develop a project-specific financial model to support the VFM assessment, which is reviewed and updated in three stages of the procurement process and released publicly.

A project considered for P3 generally begins with an initial assessment of the P3 potential. This might consist of an evaluation of the total project cost, size, risks and complexity. A VFM assessment may be undertaken to substantiate the value of a P3 approach, and market sounding may be used to ascertain private sector interest in the undertaking. The second step is a procurement process to produce a successful proponent. This may entail the hiring of consultants and advisors, appointing a fairness auditor, assembling a project team to evaluate and select proposals, issuing a Request for Proposal, and preparing draft agreements and schedules.

If Council wishes to explore a P3 delivery of the Multipurpose Cricket Facility, staff suggest proceeding with a Request for Pre-Qualification (RFPQ) with broad parameters to gauge market interest and capacity, solicit submissions on possible P3 models for the facility, and short-list qualified candidates. Staff request Council approval to retain the necessary consultants to support the submission evaluation process, including but not limited to, a preliminary VFM assessment. If a minimum of three qualified candidates are produced through the RFPQ, the next step is to invite them to a Request for Proposal (RFP), with specifications informed by the RFPQ process. Subsequent evaluation will be undertaken to select a successful candidate. Should there be a lack of interest or should a positive VFM not be substantiated, staff will inform Council accordingly.

Alternatively, Council may direct staff to proceed with the design and construction of the facility utilizing the original traditional approach of Design-Bid-Build. Revised estimates anticipate the project cost for the Multipurpose Cricket Facility to be \$49 million. This increase is a result of facility relocation, increased scope and programming change, construction cost escalation and delay impacts. The volatility in current market conditions imposes significant budget risk on the project. Staff are unable to ascertain how the ongoing labour shortage, supply chain disruptions and rising inflation among other factors will impact the project.

Separate from the Multipurpose Cricket Facility delivery model, Planning staff will bring a report to Council at a later date on the development of the overall CAA lands to seek the endorsement of the CAA Master Plan, an amendment to the Highway 401 and Steeles Avenue Secondary Plan along with phasing and marketing strategy to facilitate investments on the CAA lands.

Corporate Implications:

Financial Implications:

The cost to retain consultants to assist with the evaluation of the proponents and delivery models submitted for RFPQ is estimated at \$150,000. Subject to Council approval, a new capital project would need to be established in the amount of \$150,000 for consulting services to assist with the evaluation of the proponents and delivery models submitted for RFPQ, with funding of \$150,000 transferred from Reserve #134 - Recreation Development Charges.

If Council wishes to directly pursue the traditional project delivery method, a new capital project would need to be established in the aggregate amount of \$7.5 million for the Design, Contract Administration and Cricket Advisory Services of a Multipurpose Cricket Facility at CAA Centre lands, with funding to be transferred from Reserve #134 – Recreation Development Charges. Sufficient funding is available. Additional funding in the aggregate amount of \$41.5 million is projected to be required and would be requested as part of the 2023 and 2024 Capital Budget submissions, subject to Council approval.

The Multipurpose Cricket Facility was not part of the previous Development Charges Study. Accordingly, staff will review included projects, funding available, as well as potential impacts for the next Development Charges Study.

Legal Implications:

Legal Services will review and advise on any agreements entered into, regardless of the implementation model chosen. Legal Services will also be consulted on any impact that the proposed development could have on existing contractual agreements relating to the CAA Centre.

Purchasing Implications:

Request for Pre-Qualification for P3 model

A public Procurement Process will be conducted to pre-qualify Proponents and submissions will be evaluated in accordance with the published evaluation process set out in the procurement document.

Request for Proposal for P3 model

The pre-qualified Proponents will be invited to submit a Proposal and submissions will be evaluated in accordance with the published evaluation process set out in the procurement document. Approval will be obtained in accordance with the Purchasing By-Law.

External experts will need to be engaged to help draft and evaluate the RFPQ and RFP, as well as external legal resources to develop the necessary contract documents.

Traditional Project Delivery (Design-Bid-Build)

If Council directs staff to proceed with the traditional project delivery approach, a public Procurement Process will be conducted for design and contract administration services. Submissions will be evaluated in accordance with the published evaluation process set out in the procurement document. Purchase approval shall be obtained in accordance with the Purchasing By-law.

Staff will return to Council with a begin procurement report for the construction of the Multipurpose Cricket Facility.

All communication with Bidders involved in the procurements must occur formally, through the contact person identified in the procurement documents.

Term of Council Priorities:

The development of the Multipurpose Cricket Facility will be a key project in reflecting all of the Term of Council Priorities and the City's Strategic Plan as it will support and achieve:

A City of Opportunities by unlocking the potential of Uptown and developing a coordinated implementation framework for this strategic City asset that will attract investment and employment;

A Mosaic, by promoting cultural diversity and inclusivity in the planning of community spaces and the Multipurpose Cricket Facility;

A Healthy and Safe City, by creating a development framework which fosters community partnerships, healthy neighbourhoods, and by enhancing the recreation and sports opportunities for residents; and

A Well-Run City, by leveraging partnerships for collaboration, advocacy, and dynamic expansion in activities to bring national and international events to the City.

Conclusion:

Staff have explored a number of P3 delivery models and industry practices on the assessment and procurement processes for P3 projects. An updated cost estimate for the traditional delivery model is further provided to help inform Council's decision on the development approach of the Multipurpose Cricket Facility. Should Council wish to explore a P3 delivery for the facility, staff recommend proceeding with an RFPQ to ascertain market interest and capacity, substantiate value for money, confirm viable P3 models and produce a short list of qualified candidates.

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Attachments:

Appendix A – Infrastructure Ontario Delivery Models