

REPORT TO: Finance and Corporate Services Committee

DATE OF MEETING: September 16, 2024

SUBMITTED BY: Jonathan Lautenbach, Chief Financial Officer

PREPARED BY: Tyler Harding, Manager, Service Coordination & Improvement, Financial Services
Elin Moorlag Silk, Service Coordination & Improvement, Community Services

WARD(S) INVOLVED: All Wards

DATE OF REPORT: September 10, 2024

REPORT NO.: FIN-2024-411

SUBJECT: Community Sport and Recreation Infrastructure Fund and the Green and Inclusive Community Building Program: KIRC Gymnasium

RECOMMENDATION:

That Council support the City's grant submission to the Community Sport and Recreation Infrastructure Fund Stream 2 for the construction of the quad gymnasium located at the Kitchener Indoor Recreation Complex; and

That Council supports the City's grant submission to the Green and Inclusive Community Buildings Federal Grant program for the construction of the quad gymnasium located at the Kitchener Indoor Recreation Complex; and

That the total budget for the gymnasium located at the Kitchener Indoor Recreation Complex be approved at \$29,913,529, and that, if both grant applications are successful, an additional maximum debenture financing in the amount of \$9,913,529 be authorized, and that, if only one grant application is successful, an additional maximum debenture financing in the amount of \$19,913,529 be authorized; in both scenarios, for a term not exceeding 20 years (to be repaid from future development charge revenue earmarked for indoor recreation facilities); and,

That the Chief Administrative Officer or a General Manager is hereby authorized to execute the Community Sport and Recreation Infrastructure Fund (CSRIF) and the Green and Inclusive Community Building (GICB) application, and if successful, execute a CSRIF Transfer Payment Agreement with the Ministry of Sport, and any other CSRIF or GICB related documentation; said agreement and other related documentation is to be to the satisfaction of the City Solicitor; and further,

That, if the grant application is successful, staff be directed to execute the supplementary agreement with the IPD team signatories for the construction phase of the project.

REPORT HIGHLIGHTS:

- The purpose of this report is to provide an overview of the newly announced CSRIF and GICB Grant and outline the application requirements, including the mandatory Council approval of the City's application for the KIRC gymnasium which is the only available project that meets the criteria.
- Initial estimates show that costs would increase by 29% if the KIRC quad gymnasium project were to begin in 2026, which is only two years away. This delay would result in additional costs of approximately \$8,700,000.
- This report provides a detailed overview of the facility which would become one of only two municipally owned facilities of this type within Waterloo Region and would meet the fast-growing demand for court and gym space.
- The financial implications include a total project cost of \$29,913,529 funded through two potential grants of up to \$20,000,000, the CSRIF program and the GICB program, with the remainder being covered by DC revenue - meaning there will not be an impact on the tax base to build the facility.
- Community engagement was completed as part of the 2019 Leisure Facilities Master Plan which included a collaborative and participatory approach to stakeholder and public engagement.

BACKGROUND:

On August 19, 2024 applications opened for the Province of Ontario's Community Sport and Recreation Infrastructure Fund (CSRIF) which provides \$200 million over three years across two streams; Stream 1 – Repair and Rehabilitation and Stream 2 - New / Signature Builds.

Staff recommend applying for Stream 2.

Stream 2: New Builds / Signature Builds offers up to \$10,000,000 in funding, with applications accepted on a rolling basis until all funds are allocated. Eligible projects must be completed by March 31, 2027. This stream supports initiatives that:

- Address a clear community need.
- Transform existing infrastructure to create new sports and recreation facilities.
- Establish unique facilities that do not currently exist within the province or region.
- Attract investment and stimulate economic growth.
- Serve as venues for hosting large sports events.

Furthermore, on September 4, 2024 applications opened for the Federal Government's Green and Inclusive Community Buildings Program which provides \$500 million through a national merit-based program intended to improve community buildings in Canadian communities. Funding is available in a tiered format where funding for the first \$9,999,999 of eligible costs can be provided at 60% and funding for the any amounts above that are provided at 50%. Eligible projects must be completed by March 31, 2029.

After consultation with various departments, it was determined that the only eligible project within the City, would be the new quad gymnasium to be located at the Kitchener Indoor Recreation Complex. This gymnasium would be one of only two municipally owned facilities of its kind in the Region and this represents an opportunity to bring a shovel ready project to fruition earlier than

anticipated as this phase of the project would not be moving forward at this time without a successful application to either the CSRIF Grant or the GICB Grant.

Staff require a Council Motion in support of the grant submission as part of the mandatory documentation for both applications.

REPORT:

The Community Sport & Recreation Infrastructure Fund, Stream 2

The criteria for Stream 2 prioritizes the development of new facilities and infrastructure or significant transformations of existing facilities that lead to the creation of net-new facilities. Consequently, staff determined that only one project — the quad gymnasium planned for the KIRC — meets these criteria.

Stream 2 also highlights recognition for signature builds, which are described as high-profile projects known for their innovative design, significant community or economic impact, or iconic status within the sports sector. Staff concluded that this project aligns well with this model due to its inclusion of sustainability elements, making it the City's first-ever net-zero carbon buildings and one of the most environmentally sustainable recreation facilities in Canada.

It is critical to note that this gymnasium project will not move forward at this time without a successful application to the CSRIF.

Community Benefit and Alignment with the CSRIF

The following identifies how this project meets the criteria outlined in the Grant Guidelines and provides benefit to the Community:

Addressing Community Needs and Filling a Service Gap – The project addresses community needs and fills a service gap by creating the City's first facility of this kind, with competition standards for basketball, volleyball, badminton, and pickleball. There is a fast-growing demand for indoor court and gym spaces in the City and there is only one other municipally owned facility of this type within the Waterloo region.

Value for Money - The project offers strong value for money using the Integrated Project Delivery (IPD) model. This approach fosters collaboration among all parties to minimize costs, often achieved through innovation, the elimination of duplication, and collective problem-solving. As a result, IPD projects demonstrate greater fiscal responsibility, benefiting taxpayers and providing increased certainty in both costs and scheduling. Further, at the recommended project budget, construction costs for the Gym will be \$685/sq. ft., which is a relatively low cost per square foot in comparison to other similar facilities recently or currently being built, and in line with the construction costs for Phase 1 of the KIRC project.

Community Support – The project has garnered strong community backing, demonstrated by the active participation of numerous local sports organizations during the business case preparation. This includes ROW Swim Club, Waterloo Region Artistic Swim, Kitchener Soccer Club, Grand River Soccer, Youth Disc Sports, K-W Olympic Field Hockey, and the K-W Minor

Lacrosse Association. Additionally, the City has maintained ongoing engagement with key user groups throughout the design process, including soccer, cricket, and multi-sport organizations.

Economic Impact – As a future tournament destination, the economic impact from building the gymnasium will be significant to the Kitchener community. Through the work of the Sport Hosting Office¹, estimates of direct spending for a single 3-day event at a similar facility within Waterloo Region range between 85K and 130K. It is anticipated that this calibre of event would be hosted multiple times per year at the KIRC gymnasium.

Operating and Financial Capacity - The gymnasium design is being completed alongside the designs for the aquatic centre and indoor turf facility, making the project 'shovel ready.' This readiness helps protect against future inflationary pressures that could lead to cost overruns and uncertainty. **Initial estimates show that costs would increase by 29% if the gymnasium project begins at the completion of the KIRC in 2026, which is only two years away.** This results in additional costs of approximately \$8,700,000.

Additionally, the use of the Integrated Project Delivery (IPD) model ensures that trades and consultants are hired under a single contract, streamlining the process and eliminating potential obstacles. This approach fosters collaboration among all teams, enhancing both cost and schedule certainty. By leveraging the IPD model and potential CSRIF funding, the City can complete the facility within the grant program's timeframe, delivering an innovative and cost-effective project that would not have been otherwise feasible at this time.

The Green and Inclusive Community Building Program

The criteria for the GICB program prioritizes the development of new facilities that fill a missing or distinct gap in a service requirement where critical community infrastructure is lacking. Consequently, staff determined that only one project — the quad gymnasium planned for the KIRC — meets these criteria.

It is critical to note that this gymnasium project will not move forward at this time without a successful application to the GICB.

Community Benefit and Alignment with the GICB Program

The following identifies how this project meets the criteria outlined in the Grant Guidelines and provides benefit to the Community:

Designed to meet net-zero carbon performance - The gymnasium will be constructed to the same high standards as the Kitchener Indoor Recreation Complex and is set to become the City's first-ever net-zero carbon building and one of the most environmentally sustainable recreation facilities in Canada. To achieve this, the facility will feature advanced energy efficiency and building performance measures, including:

- Pursuing certification under the Canada Green Building Council Zero Carbon Building Standard v3 – Design.

¹ <https://explorewaterloo.ca/sport-hosting/>

- Enhanced insulation on exterior walls and roof assemblies.
- An optimized window-to-wall ratio to maximize natural light while minimizing heat loss.
- A highly efficient mechanical system that eliminates on-site combustion through a geothermal heat exchange system, providing space heating, cooling, and domestic hot water heating.
- A 560kW solar PV system is projected to generate utility savings of \$90,000 to \$104,000 annually, or approximately \$3,100,000 over the system's 30-year lifespan.

Fill a missing or distinct gap in a service requirement – The southwestern area of Kitchener, where the new gymnasium will be located, is currently underserved for recreational and community infrastructure services and therefore this project addresses a distinct gap in a service requirement. By creating the City's first facility of this kind, with competition standards for basketball, volleyball, badminton, and pickleball the City will help meet the fast-growing demand for indoor court and gym spaces. It is also noteworthy that there is only one other municipally owned facility of this type within the Waterloo region.

Meet the highest published standards of accessibility - To ensure accessibility is prioritized during the design development, the project will be submitted to the Grand River Accessibility Advisory Committee (GRAAC) for review and feedback. While not a regulatory body, GRAAC plays a vital role in helping the municipality meet the goals of the Accessibility for Ontarians with Disabilities Act (AODA) by providing valuable guidance on removing barriers—whether physical, architectural, technological, informational, or communicational. The committee will review and provide input throughout multiple stages of the project's design.

Demonstrates strong climate resiliency – To mitigate current and future climate risks throughout the project's lifespan, several risk reduction measures will be implemented for the gymnasium located at the KIRC. High-performing passive building elements, such as enhanced insulation, triple-pane windows, and optimized glazing, will improve thermal efficiency, helping to withstand temperature-related climate risks like heatwaves and extreme cold. The use of a geothermal heating and cooling system will enhance energy efficiency and maintain comfort despite rising temperatures, supporting the facility's net-zero carbon goal. The facility's location minimizes flood risk, and mechanical and electrical equipment will be strategically placed indoors or elevated to avoid climate hazards. Exterior materials will be selected for durability against extreme weather events such as hail, rain, snow, and wind, with consideration for increased precipitation over time.

Exhibits confidence in delivery and strong risk assessment and mitigation measures - The City of Kitchener project delivery department within the Facilities Management division employs several construction project managers with over 20 years of experience delivering large complex projects. A dedicated construction project manager has been assigned to this project from business case development through to occupancy.

In addition to demonstrating a strong capability to bring the project to completion, the City has effectively mitigated key risks, such as cost overruns and scheduling delays. To address these challenges, the City has adopted the Integrated Project Delivery (IPD) model, which consolidates trades and consultants under a single contract. This streamlined approach promotes collaboration across all teams, reducing obstacles and ensuring greater certainty in both costs and timelines. By utilizing the IPD model and potential GICB funding, the City is well-positioned

to complete the facility within the grant program's timeline, delivering an innovative and cost-effective project that might not have been possible otherwise.

Gymnasium Design

The future gymnasium is envisioned as an enhanced public offering in conjunction with the Kitchener Indoor Recreation Centre (KIRC). The KIRC project includes an Aquatics Centre, FIFA sized Field House, Multi-Purpose Community Rooms, Walking Track and supporting spaces. The future gymnasium addition will further compliment these programs. The quad gymnasium has been designed with the ability to sub-divide the space into four half-courts, each with individual access to support spaces. The design also includes associated storage, spectator seating and additional washrooms to support these functions. On the mezzanine level, the new space provides additional viewing onto the courts, as well as, the addition of new feature cricket pitches that can be accessed and are visible from the mezzanine area. The quad gymnasium addition has been integrated in such a way that the circulation and view corridors are seamlessly interwoven with the fabric of the KIRC facility. Like the KIRC facility, the quad gymnasium will be designed to the highest standards and will be a feature civic amenity within the City of Kitchener as a Net-Zero facility.

As a Net-Zero facility, the future gymnasium will generate enough energy to operate. It will do this by use of Geo-Thermal and Solar Photovoltaics in conjunction with the broader overall KIRC facility. Within the building the structure will be highlighted by use of cross-laminated timber wall systems that will provide a natural wood finish but will assist in reducing the overall carbon footprint of the facility. The wall assemblies are robust and include full outboard insulation to ensure the highest possible performance.

Exterior Parking Main Entrance



STRATEGIC PLAN ALIGNMENT:

This report supports the vision of Fostering a Caring City Together by emphasizing inclusivity for residents of all ages, backgrounds, and experiences. It promotes the health and well-being of the community by ensuring easy access to diverse and inclusive programs and services. The construction of a quad gymnasium at the KIRC meets a fast growing demand for court space.

This report supports Cultivating a Green City Together by promoting a sustainable pathway to a greener and healthier urban environment. It emphasizes the enhancement and protection of parks and natural spaces while transitioning to a low-carbon future. Additionally, the report supports businesses and residents in making climate-positive choices, fostering a community committed to environmental stewardship and resilience.

This report supports the delivery of core services.

FINANCIAL IMPLICATIONS:

The cost of the recommended gymnasium is \$29,913,529. The amount the City will be applying for through the CSRIF grant is \$10,000,000. The City will also be applying for \$10,000,000 through the Green and Inclusive Community Buildings (GICB) program.

If both grant applications are successful, \$20,000,000 of the construction of the facility will be funded through the federal and provincial government grants, and the remaining \$9,913,529 will be funded through DC revenues. However, if only one grant application is successful, the remaining \$19,913,529 will be funded through DC revenue. In both scenarios, the construction of the building will have no impact on municipal taxes.

The DC debt issued for the project will be paid through future DC revenues earmarked for indoor recreation and Council will need to authorize the issuance of the required debt – which is either \$19,913,529 if only one grant is successful or \$9,913,529 if both grants are successful. This debt will only be required if either of the grant applications are successful which is a requirement of the project moving forward at this time.

Staff will strategically review the specifics of the debt markets regarding timing and term of the debt with the goal to minimize borrowing costs and issue the debt for 20 years.

COMMUNITY ENGAGEMENT:

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

CONSULT – Extensive public engagement was completed as part of the 2019 Leisure Facilities Master Plan (LFMP). This was a collaborative process involving stakeholder assessments and public engagement, including input from City staff, Councillors, and various sport and community groups. Approximately 1,400 residents participated in the "Have a Say Where You Play" campaign to provide feedback on Kitchener's recreation facilities.

Following the LFMP, further engagement with sport user groups informed the business case for the Kitchener Indoor Recreation Complex (KIRC) in 2022. The design and build of KIRC have prioritized equity and accessibility, with detailed consultations with the Grand River Accessibility Advisory Committee (GRAAC) and ongoing input to ensure barrier-free amenities.

Engagement with the Six Nations of the Grand River (SNGR) and Mississaugas of the Credit First Nation (MCFN) indicated a preference to be kept informed rather than actively consulted, though they will be engaged in art and landscape design as the project progresses. Additionally, key regional user groups, including Kitchener Soccer, have been actively involved in the design phases and are pleased with their participation and the project's development.

PREVIOUS REPORTS/AUTHORITIES:

- INS-2024-126 - Kitchener Indoor Recreation Complex – Target Cost and Design Update
- CSD-19-007 - 2019 Leisure Facilities Master Plan

APPROVED BY: Lautenbach, Jonathan, Chief Financial Officer