

MEMORANDUM

Subject: CSGP Contribution to Capital Reserve

Date: Wednesday, October 12, 2022

To: CSGP Management Committee

From: CSGP Finance Committee

The purpose of this memorandum is to provide the recommendations for how the Canada Summer Games Park (CSGP) consortium partners will contribute and administer the capital reserve fund outlined in the Consortium and Co-tenancy agreement.

Per clause 11.2(a) of the Consortium and Co-tenancy agreement, each party will deposit on each anniversary date of project completion its proportionate share of an amount equal to 1.5% of the initial hard costs of constructing CSGP, to be indexed annually based on the RSMean Construction Index, to be held in a trust account in the name of the parties.

Hard costs of constructing CSGP

Appendix A provides a listing of the costs accumulated in the CSGP construction project as of April 30, 2022. While there are still some costs final costs being charged to the project, the listing substantially represents the cost of the building and is a reasonable starting point for assessing the hard costs of constructing the CSGP. The finance committee has reviewed the listing and determined that \$98,355,468 is a reasonable estimate of the hard costs of constructing the building for purpose of calculating the reserve contribution.

Annual contribution

The finance committee has reviewed the agreement requirement to use the RSMean Construction Index to index the contribution calculation. None of the members have easy access to this metric and it is recommended that the Non-residential Building Construction Price Index (NRBCPI) is a reasonable substitute for this purpose. The NRBCPI is a quarterly series measuring the changes in contractors' selling prices of non-residential building construction (i.e. commercial, industrial and institutional). The index relates to both general and trade contractors' work and excludes the cost of land, land assembly, design, development and real estate fees.

The 2022 and 2023 annual contributions are calculated in the table below.

	2022	2023
Hard Costs of Constructing CSGP	98,355,468	98,355,468
NRBCPI (Q2 2022)		12.24%
Inflated Costs of Constructing CSGP	98,355,468	110,394,178
Contribution Rate	1.5%	1.5%
Contribution Required	1,475,332	1,655,913
Contribution Required per partner (rounded)	369,000	414,000

While the table above suggests a 2022 contribution of \$369,000 per partner is warranted, the finance committee also considered aligning the initial contribution with CAO 16-2019 which set the estimated initial contribution at \$310,000. The partners all set their 2022 budgets between \$281,000 and \$310,000 in alignment with the amount set out in this report or the previous pro-forma statement since the final construction costs and ultimate calculation were not yet known. The committee did acknowledge that despite budget, there is value in contributing the higher amount to ensure funds are available in the future when needed. On this item, 3 partners agreed \$369,000 was the best approach for 2022 while 1 partner preferred the \$310,000 initial contribution to align closer to budget.

Going forward, beginning in 2023, the partners all agree to align their budget contributions with the methodology and table above and a per partner contribution of \$414,000 in 2023.

Contribution Date

The CSGP substantial completion date is February 11, 2022. For purposes of managing this annual contribution, the committee is recommending an annual anniversary date of May 1st to align with the partners cash flow availability and ensure it is after the annual budget process for each organization.

Account Management

For ease of administration and access to funds going forward, it is recommended that the Region establish a reserve fund on behalf of the consortium partners and administer

it on behalf of the partners. The reserve fund would be maintained separately on the Region's books and would be allocated interest at the average annual portfolio rate of the Region's investment portfolio based on the reserve funds monthly balance.

The Region would distribute funds to the CSGP operator to execute capital works in alignment with approved budgets and minutes from the Consortium Partners. The Region would report the balance of the fund to the partners as required.

Conclusion

The finance committee unanimously recommends for approval all items in this memo with the exception of the 2022 contribution amount. The group would like direction from the management committee on if \$310,000 or \$369,000 as outlined in the memo is recommended for 2022.

Once approvals are received, each partner would transfer their 2022 contribution to the Region before November 30th, 2022 to be administered as outlined above.

Respectfully submitted by

CSGP Finance Committee

Appendix A: Hard costs of constructing CSG

Summary of Canada Summer Games Assets				
As of April 30, 2022 using data up to May 11, 2022				
Asset Profil	Asset Short Descriptioi	Asset Long Description (if applicable)	Useful Life	Total Cost
			<i>*Updated with PM</i>	
BC_DOOREXT	Exterior Doors	Overhead coiling doors and automatic sliding entrance doors	10	584,930
BC_DOORINT	Interior Doors	Hollow metal doors, interior aluminum frames and doors, lintels, door hardware, automatic door operators	10	557,643
BC_ELEVATR	Elevators	2 elevators	15	288,178
BC_FIRESYS	Fire Systems		10	2,840,442
BC_FLOOR	Flooring	Includes wood gym flooring & skate flooring	15	2,081,055
BC_HVAC	HVAC		20	830,702
BC_HVAC	Refrigeration System	Ice plant (including refrigeration lines)	20	1,685,072
BC_ROOF	Roof	Includes the green roof; irrigation system as well	20	8,376,016
BC_WALLS	Walls	Does not include accordion gym wall; most of this is block and only a small portion is drywall	20	6,865,270
BC_WINDOW	Windows	Curtain wall is included (on exterior of building), skylights	10	3,850,617
BD_COSTRTR	Other Structural Building Components	Masonry, metals (structural steel), wood & plastics (carpentry & millwork), ceiling, steel framing, storage	50	20,760,509
EQ_RESFURN	Arena Seating		10	217,691
EQ_RESFURN	Bleachers	(no outside/external bleachers)	10	84,966
EQ_SAFETY	Ice Rink Dasher Boards		10	406,280
LC_ASPHPLT	Asphalt	Parking lot and walkways	15	4,932,719
LC_CONCRTE	Concrete	Foundation, walkways, arena floor, floor slabs, block, precast panels	50	7,801,646
BC_PAINT	Paint	Includes intumescent paint (interior) which protects structural columns, so HAVE to replace otherwise it compromises the integrity of the facility	10	762,386
LC_PLAYGRD	Track & Field	Track & field design, base construction, outdoor track, indoor track, finish	15	2,980,434
LC_LNDSCPG	Landscaping	Includes outside furniture (concrete kidney benches, etc.)	50	3,277,909
LC_WLKWYDT	Sidewalks and Curbs	Includes concrete curbing around driving paths, etc.	20	1,850,947
LC_WMPOND	Stormwater Pond & Catchbasin		30	107,176
LW_LDGENRL	General Land Improvements	Upfront cost to get the site ready for construction. Might be more costs in future related to berm. Site may still need some work and assessment.	25	7,790,832
MW_MECHELC	Mechanical & Electrical	Includes mechanical & electrical fixtures (general maintenance items)	20	16,931,727
MW_SIGNAGE	Signage	Exterior building sign, exterior logo painting; additional Region-purchased signage will be identified and added in future (not paid for by Host)	20	14,249
WW_IAOT300	Watermain		50	576,242
WW_ISSO100	Sanitary Forcemain		50	382,379
WW_ISSTRSW	Stormsewer		50	1,517,450
Sub-total Building & Structural Related Assets				98,355,468
EQ_SERVER	IT Infrastructure	Master system / IT infrastructure	3	1,068,115
BC_SECSYS	Security System	Cameras, door contacts, motion detection, card access	10	167,963
EQ_SAFETY	Safety Equipment	Fall arrest system, eyewash station, plus one first aid kit will be added	10	62,584
EQ_RESFURN	Washroom Accessories	Partitions, lockers, accessories (paper towel dispensers, change tables, hand dryers, etc.)	10	353,545
EQ_RESEQUP	Gym Equipment	Gym equipment (8 basketball nets attached to walls), hockey nets, and divider curtain	5	131,546
EQ_RESEQUP	Scoreboards	Arena scoreboard, final scoreboard and exterior scoreboard; track & field scoreboard is host-owned	5	151,075
EQ_RESEQUP	Track & Field Equipment	Track cages, long jump pit, hurdles, starting blocks	5	836,674
EQ_MEDICAL	ZOLL AED 3 Defibrillators x 10	10 ZOLL AED 3 Semi Auto Defibrillators with Cabinet and Sign Special Package (item # 17Z35-CE)	5	17,415
EQ_RESAPPL	Recycling Bins	Various recycling bins (grey box, blue box, black side saddle, etc.)	10	38,000
EQ_RESAPPL	Kitchen & Laundry Appliances	3 counter top microwaves, 3 top mount fridges, 1 front load gas dryer, 1 top load washer and hoses	10	7,092
EQ_RESFURN	Tables, Chairs & Modular Seating	Furniture (tables, chairs, couches, desks, task chairs, ottomans etc.)	10	375,307
EQ_AUDVISL	LG TVs and Accessories x 8	8 LG TVs and Accessories	4	10,589
Sub-total Equipment & Operating Assets				3,219,905
Total Assets				101,575,373