

Report to / Rapport au:

**OTTAWA POLICE SERVICES BOARD
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

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Submitted by / Soumis par:

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SUBJECT: SOUTH CAMPUS PROJECT UPDATE

OBJET: MISE A JOUR: L'INSTALLATION SUD

REPORT RECOMMENDATIONS

That the Ottawa Police Services Board approve the recommended project pause and reassessment strategy for the South Campus Facility outlined in this report including cancelling the tender and refreshing the Ottawa Police Service Facilities Strategic Plan with a focus on aligning to a service delivery that meets the changing needs of the community.

RECOMMANDATIONS DU RAPPORT

Que la Commission de services policiers d'Ottawa approuve la pause et la stratégie de réévaluation du projet recommandées relativement à l'Installation Sud, tels que présentées au sein de ce rapport et comprenant l'annulation de l'appel d'offres et une actualisation du Plan stratégique des installations du Service Police Ottawa qui mettrait l'accent sur une prestation de services correspondant aux besoins changeants de la collectivité.

BACKGROUND

The development of a new Ottawa Police Service (OPS) campus to better-serve a rapidly expanding residential demographic in the south of Ottawa, as well as provide

much-needed service delivery and support space for OPS members, is part of a key element of the long-term Facilities Strategic Plan (FSP). The need for a facility in the south area of the city was identified as early as 2006 as the OPS saw an increase in demands for service from the area, bolstered by suburban development. The selected site location went through an extensive review by the City's Corporate Real Estate Office (CREO) and was identified as the best location for this multi-functional facility. The strategies for execution were developed, presented, and approved by the Ottawa Police Services Board (Board) as part of the 2013 FSP.

In 2017, the Board approved the FSP – Update #1 (2017-2033) which outlined the acquisition, disposal and refit of various OPS facilities. This \$206.2 M plan included the commitment of reducing the overall original cost of the program by 25 percent, through the introduction of innovative real-estate approaches and a modernized work environment. Included in the FSP was a strategy to build a multi-functional facility on a 15.5-acre City-owned site located at 3505 Prince of Wales Drive; development was to occur in three phases. In the fall of the same year, staff returned to the Board to share the proposed South Campus Master Plan. The campus approach is a key strategy to reducing the cost of the FSP as it offers the OPS the opportunity to share amenities amongst several buildings. Phase 1 was identified as a 120,000-square-foot facility to house Frontline Operations and Specialized Support and Phase 2 was identified as an additional 35,000-square-foot facility to house the Communications Centre and a portion of Corporate Services. The remaining 7.5 acres of the property were identified for undefined future development, known as Phase 3. Phase 1 and 2 also support the de-population of Leitrim and Greenbank Stations (loss of 80,000 square feet), due to their aging infrastructure and end of life.

In 2018, the Board awarded the contract to the architects to commence design of the South Campus project Phase 1. The OPS prepared and hosted a public engagement session to: raise awareness of the development of the new facility, inform the public of contemplated OPS design principles, and to consult and seek input from the community. The outcome was enthusiastic and supportive for the proposed uses for the site. Specific comments were made commending the OPS for its community-focused approach and efforts to engage early. The session also advanced the OPS' objectives of having a facility better-integrated with the community landscape. It nurtured positive relationships with stakeholders and obtained fresh ideas that contributed to an improved facility design.

In spring 2019, staff returned to the Board with a recommendation to integrate Phase 1 and Phase 2, and rebranded them as Phase A and B. The OPS proposed, and the Board approved, consolidating both the original south facilities, Phase A and Phase B

projects, into one building to achieve economies of scale and efficiencies. Phase A will include complete construction of all building elements and infrastructure, site works and fit-up of the original Phase A program for Frontline Operations and Specialized Support Services. The current plan for Phase B will include interior construction and fit-up of the remaining 75,000-square-feet of space.

Through the winter of 2019, the City of Ottawa's Procurement Office and the OPS executed a formal public release of a "Request for Qualifications" (RFQ) to short-list general contractors to receive the anticipated Phase A tender. A short list of qualified builders was established through an evaluation process following City procurement regulations, made up of committee members from the City, the OPS and the architect on file. Contractors needed to demonstrate their strength and experience with projects of similar size, security, and complexity. Eleven submissions were received by local general contractors, and three highly reputable and pre-qualified general contractors were short listed.

In May 2020 the Board received an update on the FSP, and, in particular, updates on the south facility implementation and the impacts of the COVID 19 pandemic on the project. The Phase A tender was ready for release mid-2020. However, due to the impacts of the pandemic, the tender release was put on hold. After an analysis of market conditions, local activity in the industry, feedback from the consultant team and support from the City and OPS Executive Team, the tender was released mid-December 2020 to the three pre-qualified bidders. The tender closed mid-February 2021, with two compliant bid submissions from PCL and Pomerleau. The tendering and validation of the recommended bid followed a rigorous process.

The May report also described the delivery of Phase B as sequential to Phase A. The building massing and occupants of Phase B allowed for a natural subdivision into Phases B.1 and B.2, creating three distinct delivery phases for the facility. With this approach, the interior construction of Phase B.1 critical occupants (Communications and Data Centre), can be advanced to occur immediately following the completion of Phase A. Similarly, the completion of Phase B.2 will occur sequentially to Phase B.1.

DISCUSSION

The purpose of this report is to outline a recommended course of action in relation to the development of the south facility project. At the most recent Finance and Audit Committee meeting held on April 8, 2021, the OPS provided an update that identified current market conditions and the impact of the pandemic on the materials and labour market.

Several factors have impacted progress on the project and have caused staff to rethink their approach. This includes:

- **Pandemic impacts on global markets:**
There has been a 10 to 15 percent (plus) increase in material costs (for example: steel, concrete, wood, glass, copper), with an increase in mechanical equipment costs up to 25 percent (plus);
- **Labour shortage in the National Capital Region:**
In the last quarter of 2020 we saw market inflation in Ottawa with the impact of: the LRT, three big federal development projects on Parliament Hill, and the planned library project;
- **Pandemic legislation changes** prompted additional overhead costs to cover PPE, extra monitoring and production slowdowns;
- **Additional premiums for protection clauses:** incurred further costs, including builder's insurances and coverage for "force majeure" conditions.

Project Pause and Reassessment Strategy

At the Finance and Audit Committee, the staff recommendation that the project be paused to allow for further study and assessment, was supported. Canceling the current tender will allow the OPS to pause and reassess the south facility project which was developed before the new pandemic and prior to approval of the 2021 OPS Change Budget; before commitments were made for reform and transformation.

The recommended project pause and reassessment strategy aligns with the OPS' commitment to transformation and change. This strategy will allow the OPS to refresh the FSP with a focus on aligning to a service delivery that meets the changing needs of the community. This includes:

- **2021 Budget Alignment:** Through the 2021 budget processes, the OPS received feedback about policing and its role in our community. The OPS listened, learned and committed to change through the 2021 Budget. The Service is focused on ensuring that our community can see and experience its return on investments in policing, including improved public trust, duty of care and community safety and well-being. Pausing this project will allow the OPS to assess and align with 2021 change budget commitments, align to the Board's Strategic Plan, and focus on the 2022 Budget considerations.
- **Partnership Opportunities:** During the pause, the OPS will work with City services and other partners to determine the best fit of services required to not

only serve the growing Ottawa south community, but also for the city as a whole, thereby realizing the potential benefits of a single integrated facility that offers policing, City services and potentially even private sector or other community agencies, and ensures alignment to the Board's priorities while meeting the fiscal and service delivery needs of the community and OPS.

- **Community Safety Well-Being (CSWB) Plan:** Alignment with City Community and Safety Well-Being (CSWB) Plan. The Service will also seek additional community engagement and consultation, in addition to collaborating with City and community partners, to ensure we build a facility to support the CSWB plan.
- **Pre and Post Pandemic Impact:** The current design includes elements for “new ways of working”, which seeks opportunities for open, flexible and multi-purpose work environments. This will allow for a departure from the siloed suite environment and leveraging technology to support a mobile worker. This pause strategy will further enhance these design elements as the OPS adjusts to the current pandemic and post-pandemic way of working. This strategy will also allow the OPS the ability to review the impacts of cost stabilization associated with pre and post-pandemic impacts.

The OPS and City Procurement have reviewed the presented strategy. Under procurement guidelines, the current tender will be cancelled should the Board approve the staff recommendation. The pause strategy includes the south facility re-tendering in the Fall of 2021 or Spring of 2022, to avoid lengthy delays to meeting OPS facility requirements, specifically pertaining to the decommissioning and loss of 80,000-square-foot of space at Leitrim and Greenbank Stations, and executing the OPS' transformational change.

With an agreement by the Design Team to remain engaged, it allows the design development of the confirmed occupants of Phase B.1 to advance, and explore the scenario of integrating with the tender and construction of Phase A.

Furthermore, collaborating with City partners to confirm operating models of integrated services, and the potential strategy of engaging the same Design Team, allows for the design development of Phase B.2 to also advance and be integrated earlier into the full south facility construction.

This approach allows for economies of scale by leveraging existing teams that are intimately familiar with the project details and avoids the need to start the design from scratch.

CONSULTATION

Additional consultation with City partners related to contract and award continues.

The City's Procurement Branch has been OPS' contracting authority for the procurement of services related to Phase A. It has been working with the OPS over the last year and a half from the contractor pre-qualification process, including the preparation of the contract framework, and the tendering process. All activities followed the City's rigorous guidelines, ensuring fair and transparent procurements. The Procurement Branch has been updated with the project information to provide context on the reasoning for contract increases to ensure procurement requirements are managed and constraints adhered.

Cost consulting firms released a quarterly report that provided information about building construction price indexes and percentages changes. Three of the top national firms (Altus, Turner & Townsend and Hanscomb) all reported in Q4 of 2020 and Q1 of 2021 a 10 to 40 percent price increase in raw construction materials, with the National Capital Region having the highest index increase in Ontario.

FINANCIAL IMPLICATIONS

The OPS has approved funding of \$118.207M to deliver all phases of the south facility project. The OPS project #903447 has an approved budget of \$109.207M with supplemental funding, in the amount of \$9M, to support IT/IM & Comms requirements which is provided through project #'s 909876 - South Communication Centre (\$5M) and 909877 – South IM/IT(\$4M).

After incurred expenses there is currently \$107.6M available to complete construction and fit up.

Project Funding (including HST):

Current Approved Budget (903447)	\$118,207,000
Spent/Committed to March 30, 2021	<u>\$ 10,618,500</u>
Current Available	\$107,588,500

In the May 2020 Board report, the OPS identified a forecast to complete the project of \$119.7M. It was evident at that time that the project was already feeling the immediate impacts of the pandemic. As identified above, the south facility project continues to realize cost pressures due to COVID-19 delays and current costs associated with construction/materials and market conditions as demonstrated through the 15 percent (plus) price escalation of the tender bid for Phase A. Through the results of the Phase

A tender and price escalation impacts, there is a compounded 25%+ forecasted cost pressure to complete the South Facility.

Both the OPS and the City of Ottawa are cognizant that further price escalations related to supply and demand on the Ottawa construction market may continue. Both OPS and the City of Ottawa will manage this risk and continue to collaborate to develop an integrated and shared facility approach in addition to other potential partnerships with other agencies to align to the shared facility approach that benefits and integrates with the community. There is also the potential of price de-escalation as the market stabilizes and adjusts to a post-pandemic environment, further supporting the strategy to pause the south facility project to allow for this equilibrium.

SCHEDULING IMPLICATIONS

The tender for Phase A was ready to be released in mid-2020. However, due to the impacts of the pandemic, it was not released until December of the same year. The original completion date for Phase A was Q1 of 2023; the adjusted tender timeline pushed out the occupancy date to Q4 2023. This caused the sequential delivery of Phases B.1 and B.2 to be pushed out as well.

It is understood that the revised strategy to pause the project will further extend the delivery of all three phases. However, the pause could potentially eliminate the need of a sequential phased delivery and allow for all three phases to be executed at the same time, thereby creating an extension to Phase A, but an acceleration to Phases B.1 and B.2.

Phase	Original Delivery Timeline	Adjusted Delivery Timeline
Phase A	Q4 2023	Q3 2025
Phase B.1	Q3 2025	
Phase B.2	Q3 2026	

The project pause also allows the OPS to:

- Perform the FSP Update #2 (2022 – 2038) with adjusted priorities and strategies that address and align to the OPS' transformation, building capacity pressures, and the City's master and CSWB plans; and
- Align project financials with the 2022 budgetary process.

CONCLUSION

The development of the South Campus is the largest project within the FSP and is key to offsetting the space shortages within the existing facilities' portfolio. Coupled with current space constraints is the financial implications of extending the life of the aging infrastructure of Greenbank and Leitrim Stations, the delivery of the South Campus building remains a key priority in the OPS' FSP.

Once completed, it will provide 184,000-square-feet of operational and administrative spaces, and provide the necessary secured and protected parking for fleet. The new building will also house the new Communications/ 911 Centre and Information Technology Section (ITS) server room which will provide business continuity and disaster recovery for the organization. In addition, Front Desk Services, a Collision Reporting Centre, a Community Police Centre and a community boardroom will be available to the public. The project pause also provides the opportunity to ensure the final building design serves not only the OPS' operational requirements but also addresses community needs.

Through the recommended pause and reassessment strategy, the design development of the Phase B.1 occupants can continue with the existing project team, as the OPS engages simultaneously with City partners to develop opportunities for community integration. This provides project cost efficiencies, reduces risks, as well as escalation factors.

The OPS will come back to the Board in the Fall of 2021 to provide a project update and review the status of the pause and reassessment strategy, with the goal of re-tendering in the Fall of 2021 or Spring of 2022 and advancing the design development of partnering City service occupants for Phase B.2.