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To: **Committee of the Whole**

Agenda Section: Human Services  
Division: Health and Emergency Services  
Department: Long-Term Care and Senior Services

Item Number: **CCW - 2022-198**

Meeting Date: June 14, 2022

Subject: Simcoe Village Campus Project Update

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### **Recommendation**

That Item CCW 2022-198, dated June 14, 2022 regarding Simcoe Village Campus Project Update, be received, and

That staff proceed with the Simcoe Village Campus project working within the revised budget as recommended in Item CCW 2022-198; and

That contingency funds for potential inflationary impacts be included within the 2023 draft budget; and

That the Warden and County Clerk execute any and all documentation required to further the project's progress.

### **Executive Summary**

Further to Item CCW 2022-112 (March) the following report provides an update on the Simcoe Village Campus project.

On March 22, 2022 the County received written communication from David Gudjonsson Licensing Program Coordinator, Long-Term Care Capital Development Division of the Ministry of Long-Term Care (Ministry), that the public consultation process was complete and that there were no recommendations or concerns as a result.

The Ministry design, site plan approval and site preparation processes are moving forward with barn demolition and tree removal complete. Earthworks on site have been delayed due to the requirement for an updated soils analysis that has now been received and has resulted in a revised earthworks design for the site, with an estimated increase in costs of \$12M as detailed herein. Detailed design development meetings have occurred weekly since May 2021 and the design for the LTC Home and adjoining campus village centre is close to completion. Since May 2021 the gross floor area changed by +37,402 square feet and as such staff met with the design team to review all changes and reduce floor area while maintaining the intent of the campus concept with tenant spaces for residents and the

community to experience, as well as a safe, pandemic prepared and operationally functional Long-Term Care Home. Following this exercise, the floor area change was reduced to +29,797 square feet which amounts to an estimated increase in costs of \$10.4M for the 4 areas involved, with some costs offset by other capital revenue sources and operational rental revenue, as outlined below.

As Council is aware, construction costs in Ontario have been heavily impacted by inflation from April 2021 to April 2022 and a summary of the potential for inflationary impact on the project is provided.

Staff continue to proceed with project planning and site preparation as directed by Council in May 2021 and will continue to provide project updates to Council on a regular basis.

## **Background/Analysis/Options**

Further to Item CCW 2022-112 (March) the following report provides an update on the Simcoe Village Campus project.

### **1. Project Planning and Approvals**

On March 22, 2022 the County received written confirmation from David Gudjonsson Licensing Program Coordinator, Long-Term Care Capital Development Division of the Ministry of Long-Term Care (Ministry), that the public consultation process was complete and that there were no recommendations or concerns as a result. Also on March 22, 2022 the Ministry forwarded the Request for Development Agreement (RDA) form to the County. Staff are awaiting first stage design approval of the Long-Term Care Home (Simcoe Manor) and adjoined campus village centre plans that were submitted to the Ministry in October 2021. Comments and questions were received from the Ministry February 25, 2022 and responses were sent back by Salter Pilon Architecture May 3, 2022 along with updated drawings with revisions noted. Each building component within the balance of the project continues in the final stages of design with the most recent site plan and drawings (including elevations) attached as Schedule 1a to 1e. Both the Development Agreement execution and first stage design approval are expected in summer 2022.

Staff and consultants continue regular meetings with Town officials regarding the Site Plan approval process. The first submission was November 19<sup>th</sup>, 2021 with the Town forwarding the plan to their consultant for review in mid December and initial comments received February 23, 2022. Salter Pilon Architecture and the consulting team have been working through the Town's comments and met on April 27, 2022 to review and respond.

A 2-part Pre-Grading Application/Earthworks Agreement was approved by Town Council on March 21<sup>st</sup> allowing the first phase of site preparation, tree clearing and barn demolition to be complete by the April 1<sup>st</sup>, deadline. The second phase of this agreement is approval of the earthworks plan including pre-loading and grading design. This phase was contingent on the geotechnical reports being completed and recommendations from Peto-McCallum being received which are now complete. The consulting team has submitted a revised earthworks design based on the updated findings to the Town on May 12<sup>th</sup> and are awaiting preliminary comments, and will finalize the design as soon as possible. Staff have completed an updated cost estimate that reflects the required design to mitigate the site's soil conditions. More details on this item are provided below.

### **2. Key Milestones and Project Schedule**

Tree cutting and barn demolition, along with placement of barn swallow habitat structures were completed as required by April 1, 2022 with removal of the trees and the barn's concrete foundation

completed in May once half load restrictions on the roads were removed. R.J. Burnside is satisfied that all Ministry requirements have been met with regard to nesting barn swallows and will continue to monitor the site over the coming years. The official Sod Turning ceremony occurred May 4, 2022. Site preparation originally slated to begin in March 2022 has been delayed due to the required earthworks design revisions noted herein however the team is working to recover time lost and is still working to complete the site preparation phase by mid 2023, with initial occupancy currently targeted for mid 2025.

### **3. Geotechnical (soils) findings, revised earthworks design and cost impacts**

As provided in the March report, staff have been awaiting the final soil report and related earthworks/foundation design recommendations from the consulting team. As Council is aware the first phase of construction often referred to informally as “getting out of the ground”, that includes the confirmation of soil and underground conditions is the highest risk phase in a facility project with the most potential for design impacts to mitigate problematic soils and related cost impacts.

The team received initial reports on some concerning soil conditions in December 2021 that initiated additional testing and began a site/foundation redesign discussion including an analysis of the soil import/pre-loading process.

Following a review of the team’s proposed solutions, in mid April the final report was received with Peto-McCallum’s recommendations. This allowed the civil engineers to finalize their design in May for submission to the Town and also allowed the Cost Consultant to update their cost estimates for the soil component of the project. Below is a summary of the soil analysis process:

#### **April 2021 Cost Estimate**

- At the time the original Class C estimate was done in April 2021, the due diligence soil investigation of 2020 was referred to and indicated no major concerns, but was inconclusive for foundation design and ongoing testing of soil was in progress.
- A conventional earth work cost estimate was taken into account by the cost consultant at this time. The standard conventional work consists of, site clearing, grubbing and removal of a reasonable amount of loose material.
- The estimated cost for this work was assigned a value by the cost consultant of \$5M within the overall budget of \$165M for hard construction. At the time this figure was considered fair and reasonable.
- Additional borehole testing at different elevations was requested for the purpose of design development.

#### **May 2021 to December 2021**

- Over this period, extensive design development of the project took place. The existing site grade from the southwest corner to the northeast portion of the site “falls” 9.5 meters. To maintain all major buildings at same elevation for ease of navigation on the site, the design was developed to raise the elevation and level the existing site. This meant it would be necessary to import an extensive amount of granular or clean earth onto the site and build up the site uniformly. Photos of the site that demonstrate current elevations are included as Schedule 3.

- The additional borehole reports identified a layer of unsuitable soil zones below the topsoil layer and below this unsuitable soil was a soft clay like soil that would compress if weight was applied. Below this was the firm stiff clay crust.
- It was initially recommended by the engineers to remove top soil, remove the unsuitable soil and remove only some of the soft clay material, leaving some in place. Additional material placed on the soft clay would cause this layer of soil to go through a “settlement and consolidation” process.
- Issues were noted with this initial design as follows:
  - The placement of imported fill on the soft clay would require the pre-loaded soil to reach a predetermined consolidation stage before any other work could start. The excessive weight of this large amount of imported fill would require extensive time for this settlement to occur, a minimum of six (6) to nine (9) months, with the settlement process being monitored by the geotechnical engineers over this time.
  - With no construction activities occurring for six (6) to nine (9) months, there would be price escalation while waiting for the pre-loading to complete, and the construction manager could not issue tenders or enter into contracts with the sub-trades as the timing of the start of construction would be unknown. This would result in delay costs due to ongoing overhead from the consultants already assigned to the project.
  - The cost of this design was estimated at \$26M.

### **January to April 2022**

- A design review and value engineering exercise was conducted by the construction team from January to March 2022 with a focus on minimizing pre-loading soil amounts to reduce costs, as well as reduce the six (6) to nine (9) months wait time and related risks.
- Through the design review process it was recommended that all building elevations be dropped by two (2) meters to reduce the fill required. Therefore, the nine (9)-meters of required fill was reduced to seven (7)-meters of required fill, saving approximately \$3M on material and trucking costs.
- With the earth to be placed directly onto the approved firm stiff clay crust, the required settlement of earth would immediately start to occur during the period that the earth work operation is taking place. The soil will still be monitored as it is placed to ensure it is settling as anticipated. The elimination of the six (6) to nine (9) month waiting period and risk of escalation and delay claims amounts to a saving of approximately \$6M.
- From a foundation design perspective, a “raft slab or matt” foundation is recommended versus standard footings to support the buildings. This involves more concrete and steel and so does increase costs from standard design originally included in the estimate but is determined by the engineers to be best and most cost effective alternative versus a deep pile type foundation design.

- With the revised design saving a total of approximately \$9M, the estimated cost of the required design using imported clean fill material is \$17M. This is an additional \$12M over the \$5M million that was carried in the April 2021 \$165M hard construction cost estimate/budget.

With Council's approval the team will proceed with earthworks and site preparation as soon as the design is finalized by the engineers and approved by the Town. It must be noted that the risk related to soils and unknown underground conditions will continue until the project is "out of the ground" in mid 2023 as with any major construction project. The costs noted herein are estimates based on input from the engineering team and the market to the County's cost consultant in May 2022.

#### **4. Design Development**

Since Council approved the project to proceed in May 2021 weekly design development meetings have occurred focused mainly on the Long-Term Care facility and the adjoining campus village centre with input from the Ministry of Long-Term Care. Since May 2021 the gross floor area changed by +37,402 square feet and as such staff met with the design team to review all changes and reduce floor area while maintaining the intent of the campus concept with tenant spaces for residents and the community to experience, as well as a safe, pandemic prepared and operationally functional Long-Term Care Home. Following this exercise the floor area change was reduced to +29,797 square feet which amounts to an estimated increase in costs of \$10.4M for the 4 areas involved. Per square foot costs range from \$292 to \$410 depending on the building involved. The changes are broken into 4 areas:

##### **Pandemic Response (IPAC) Design Requirements and Ministry Requirements**

Larger and separate change rooms for males and females were required by the Ministry and the inbound screening process for staff required more area at the staff entrance way. The Ministry required a separate LTC front reception area that increased the size of this space. The size of mechanical equipment has increased to be able to provide 100% fresh air to the facility in the event of a pandemic response. Waste for the Supportive/Affordable Housing building was originally planned to be moved daily to a main waste room in the Life Lease/Retirement building for pickup however in consideration of cohorting, reducing the spread of contagion, and allowing these buildings to function independently in the event of an outbreak, a waste room was added to the Supportive/Affordable Housing building. Storage spaces for PPE have been added to ensure there is an adequate stockpile on hand at all times. This amounts to 11,767 square feet in additional floor area and approximately \$4.3M.

##### **Resident Space Improvements**

Resident space improvements have been made to align with a larger more populated campus than the original design, premised on Georgian Village. These improvements including the greenhouse, therapy pool, fitness spaces, activity rooms, dining spaces and resident storage. This amounts to 2,886 square feet in additional floor area and approximately \$.9M

##### **Tenant Spaces, Future Growth**

Tenant space is key to the campus experience and provides resident and community benefit. Changes required by the Ministry to the front reception area and the increase to the therapy pool size to allow two (2) swim lanes increased the second floor space allowing for additional tenant space adjacent to the physician team space. The local hospice has expressed their interest in leasing this space and a local physiotherapy firm has expressed interest in three (3) of the five (5) units on the ground floor. Both these tenants will fully cover the cost of their leasehold improvements. Discussions are occurring with Life Labs and a public request for expression of interest has been posted in the local newspaper and on social media seeking other interested tenants. Changes to tenant spaces

amount to 5,520 square feet in additional floor area and approximately \$2M. Tenant rent will have a component built in to contribute to the capital cost of construction. Constructing these spaces as small additions in later years would be two (2) times the cost of including these spaces in the initial build and allows the County to utilize these spaces for future growth as support programs change.

### **Operational Support Spaces, Design Alignment**

Environmental services spaces such as laundry, maintenance, backup generator space, and mechanical and electrical spaces including penthouses have had their designs firmed up. The penthouse protects the mechanical and electrical equipment from the elements and is the alternative to placing this costly and important equipment outside on the rooftop. When penthouse costs are weighed against the cost of the equipment and protection required to place the equipment on the roof there is no material difference in cost. With this additional detail now completed, stair and corridor adjustments made, and the alignment of the exterior walls floor over floor resulted in reductions and additions, with an overall impact of 9,624 square feet in additional floor area and approximately \$3.2M.

**Recommendation:** That the Simcoe Village Campus project budget of \$203.5M be increased to include \$12M for earthworks design requirements plus \$10.4M related to design development as outlined, and that staff proceed with the project working within the revised budget of \$225.9M including applicable taxes.

## **5. Inflationary Impacts / Risk Mitigation**

The initial cost estimate for the project was completed in April 2021. As Council is aware, the construction market from then until spring 2022 has experienced a high rate of inflation, 17.3% as per Statistics Canada - with pent up demand outstripping supply at the start of the 2022 construction season. As a result of this, some County facility projects underway in 2022 are forecast to exceed budget with staff working to reduce costs and include inflation contingency amounts in the 2023 budget.

Hyperinflation and “escalation out of opportunity” are definite drivers of this trend and costs are expected to level off or reduce, with inflation in the construction industry expected to get back to normal levels of 3 to 5% per year at some point, however when this normalization will occur is difficult to predict. In light of this, forecasting the impact of inflation on the project is challenging as the construction of the major facilities is not slated to begin until mid 2023.

In order to provide a fair summary of this risk the construction team has taken a 4-prong approach utilizing inputs from the Architect, the Construction Manager, the Cost Consultant, and the historical data from Statistics Canada, to outline a potential range of impact that is intended to be conservative yet not exaggerated. The fact is that the future cannot be forecast, and the current environment brought on by the pandemic combined with the war in Ukraine and a growing economy has not been experienced before, making predictions more difficult than usual.

The updated hard construction cost estimate of \$187.4M if approved, that includes the soil and design development impacts outlined herein as well as all contingencies, will be impacted by the 17.3% inflation already experienced from April 2021 to April 2022, though the ultimate impact is impossible to predict as major construction components are not scheduled to be tendered until mid 2023.

Considering that cost reductions will come from the construction manager’s value engineering input as well as the competitive tender process, and that the supply and demand cycle will eventually begin to correct the market, it is agreed the potential inflationary impact could be in a range from 21 to 31.5% on the revised budget estimate of \$187.4M, or a potential hard construction cost of \$226M to \$246.5M.

The existing overall project construction budget of \$203.5M includes a 2% or \$4.1M fundraising component that will be targeted to offset indoor and outdoor amenities and spaces that have the potential for naming opportunities via the formal Fundraising Campaign currently under development. The updated overall construction budget of \$225.9M if approved, with a 2% fundraising goal, would increase fundraising dollars to \$4.5M providing additional offsetting revenue.

### **Next Steps**

The team will:

- continue to finalize soil and earthworks design with engineers, tender earthworks once the Town has approved
- continue reviewing foundation design and all designs for cost reductions (value engineering) and more efficient ways to construct the various project components schedule wise as drawings approach completion
- continue to monitor the construction market as we move through 2022 completing site preparation work, and will include contingency funds in the 2023 budget to offset potential increases due to inflation
- continue to advocate for increased per bed capital funding from the MLTC
- continue development and rollout of the Simcoe Village Campus fundraising campaign
- seek out and apply for all other funding opportunities

### **6. Working Group Meeting Schedule and Reporting**

The Simcoe Village Campus Working Group held a meeting on April 25, 2022. Items discussed at this meeting included: Ministry Re-submissions; Grading Plan and Civil Services Plan and the associated Earthworks/Pre-Grading Application; Pre-Grading Application, Tree Clearing and Grubbing; Fundraising Contract Update; Real Estate Planning; and an update on Next Steps. Please refer to Schedule 2 of this Item for full details of the minutes of this meeting. The next Working Group meetings are scheduled for June 8<sup>th</sup> and July 25, 2022.

### **Updated Project Timeline and Key Milestones:**

The following Table highlights key milestones completed and upcoming:

**Table 1 - Project Timeline**

<b>Date</b>		
2016	Enhanced Long-Term Care Renewal Strategy Update	✓
2017	Positive Aging Strategy: Older Adults Strengthening our Communities	✓
June 2020	County Council approval of preliminary & initial redevelopment concept plan	✓
May 2020	County Council approval of land acquisition and related due diligence	✓
June 2020	County Council's review of design and site plan concept, budget, schedule	✓
Sept. 2020	Complete Land acquisition	✓
Fall 2020	Master Plan Approval and Costing Report to Council for 2021 Budget Approval	✓
March 2021	Ministry of Long Term Care Approval for the additional 34 Beds	✓
May 2021	Council Approval of Final Business Plan with New Long-Term Care Beds Requirement Completed	✓
Summer 2021	Planning Discussions with Town of New Tecumseth, Design Meetings Continue, RFP issued for Construction Manager	✓
October 2021	Construction Manager engaged, Working Group Kick off Meeting, Submission to MOHLTC	✓
November 2021	Site Plan submission to Town of New Tecumseth	✓

Date	Action Item or Goal	Complete
December 2021	Response provided to design comments from Ministry of Long-Term Care	✓
January 2022	Joint Accessibility Advisory Committee Presentation and Comments	✓
March 2022	Town Approval of 2 Phase Pre Grading Agreement	✓
Spring 2022	Communications to near neighbours, clearing and grubbing, barn removal	✓
Spring 2022	Sod Turning Ceremony	✓
Summer 2022	Final Approval of Soil and Foundation Design, Town Approval, Tender Earthworks	
Summer 2022	First Stage Design Approval from MLTC	
Summer 2022	Development Agreement Approval	
2022	Site Plan Approval	
2022	Public Information Sessions	
2022	Final Stage Approval from MLTC	
2022	Fundraising Campaign launch	
2022 / 2023	Site Preparation	
2022 / 2025	Construction	
2024 / 2025	Grand opening	

**Financial and Resource Implications**

Committee of the Whole CCW 2021-190 provided capital funding based upon the total estimated costs of \$203.5M, inclusive of land and as outlined below:

Summary by Funding Source		
Ministry of Long Term Care	\$	6,721,444
Ministry of Municipal Affairs & Housing	\$	4,800,000
Home Contingency Reserve	\$	5,000,000
City of Barrie	\$	11,701,950
City of Orillia	\$	8,878,767
Fundraising	\$	4,069,378
Sales of 50% of Life Lease	\$	19,963,866
Development Charges	\$	42,170,469
	\$	<u>103,305,874</u> 51%
<b>County Contribution</b>	\$	<b>100,163,017</b>
<b>Total Project Cost</b>	\$	<b>203,468,891</b>

Estimated funding, including the increase in estimated cost amounts to \$116.4M as outlined below:



<b>Summary by Funding Source</b>		
Ministry of Long Term Care	\$	6,721,444
Ministry of Municipal Affairs & Housing	\$	4,800,000
Home Contingency Reserve	\$	5,000,000
City of Barrie	\$	13,365,962
City of Orillia	\$	10,217,949
Fundraising	\$	4,516,461
Sales of 50% of Life Lease	\$	22,276,511
Development Charges	\$	49,507,721
	\$	<b>116,406,047</b>

52%

<b>County Contribution</b>	\$	<b>109,416,982</b>
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<b>Total Project Cost</b>	\$	<b>225,823,029</b>
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The increased costs would increase the contributions for the County of Simcoe, City of Barrie, and City of Orillia. In addition, Development Charge funding has increased based on the most recent Development Charges by-law applicable as of January 1, 2022.

**Relationship to Corporate Strategic Plan**

B. Strengthened Social, Health and Educational Opportunities Definition: Establish partnerships to identify opportunities for strengthened Human Services and Education to support improved health and well-being of our residents

**Reference Documents**

- CCW 2022-112
- CCW 2022-004
- CCW 2021-190
- CCW 2020-193
- CCW 2020-164
- CCW 2018-386
- CCW 2018-131

**Attachments**

- Schedule 1a to 1e – Updated Site Plan and Design Drawings
- Schedule 2 – Simcoe Village Campus Working Group Minutes April 25, 2022
- Schedule 3 – Photos of the site – May 2022

**Prepared By** Jane Sinclair, General Manager, Health and Emergency Services  
 Dawn Hipwell, Director, Procurement, Fleet and Property

**Approvals**

	<b>Date</b>
Trevor Wilcox, General Manager, Corporate Performance	June 7, 2022
Mark Aitken, Chief Administrative Officer	June 8, 2022