



December 12, 2017

CONSTRUCTION PHASE READY TO BEGIN

OAA Council met for a special meeting on November 16 to approve a revised total project budget in order to proceed with awarding the construction contract. MJ Dixon Construction Limited has been selected as the General Contractor for the renovation project and is ready to mobilize in the coming week.

The construction period is anticipated to be 12 months. As previously reported, the OAA Headquarters has moved to temporary offices located at 1 Duncan Mill Road – just 1 km away.

The overall budget for the project, which includes the construction cost as well as all soft costs related to the project as approved by OAA Council is \$8,510,685.

Update Report FALL 2017

TENDER PHASE

Based on Council's mid-August approval of a revised construction cost estimate and refined design documents, Architect David Fujiwara issued the tender documents to the list of five prequalified general contractors. The tender closed on October 5.

In accordance with standard industry practices for bidding and tendering, all bids were reviewed and evaluated. Bids received were over the construction budget that was approved by Council back in August. The Building Committee entered into negotiations with the low bidder to consider refinements to determine if any costs savings could be found to bring the price closer in line with the budget that had been approved by Council. The Committee did look closely at the elements of the project to see where the overage was materializing. It was determined that the interior refresh had the biggest margin of overage which was due in part to the interiors program changing. The original budget of 2016 envisioned that only the 3rd floor would be refreshed, however as programming developed it was determined that the design needed to respond better to future growth in terms of staffing as well as more open office space with additional common meeting areas. Our initial planning had included Pro-Demnity, however when they made the decision to relocate Council made the decision to continue with a more extensive

renovation with increased flexibility for the future. The design now incorporates a greater variety of member service options as such a common café area, transient work spaces and more video conferencing spaces. The resulting \$103/sf cost for the interior refresh is directly in line with interior-only renovations for smaller office building.

The construction contract has been awarded at cost of \$6,377,000.

PROJECT COST + ENERGY SAVINGS

The total cost of the project will be funded by the existing capital reserve which sits at approximately \$3,750,373 plus additional financing up to approximately \$4,760,312, obtained through an approved mortgage which will be amortized over 15 years. The amortization is pre-approved for up to 25 years and can be adjusted as, and if, needed. OAA Council may also exercise the option to transfer any available surplus at the close of the 2017 (and/or 2018) fiscal year to the Building Capital Reserve to reduce the mortgage required to complete our renovations. Council will also have the ability to retire the principal amount more quickly from available surpluses in future years should these materialize.

Interest payments, which impact our annual operating budget of \$6.8M, will decrease annually as the OAA pays down the principal.

A detailed financial picture was presented to Council at a special meeting on November 16. Interest payments, which impact our operating budget, will decrease annually as the OAA pays down the principal. A total mortgage in the range of \$4,725,000 will impact the annual cash flow by \$285,000 comprised of principal payments of \$125,000 and interest payments of \$160,000.

The interest included in the operating budget will be offset by anticipated annual energy savings of approximately \$100,000 based on today's energy costs. If we assume annual escalation in energy costs of 5%, the average annual energy savings over the 15-year life of the mortgage will be approximately \$137,000 per year accumulating to about \$182,000 per year in the final year of the mortgage. As well, the portion of the project costs associated with the deep energy retrofits could be paid back in 15 years, more quickly if energy cost escalation is higher; future proofing OAA operations against the risk of escalating energy costs.

DESIGN UPDATE

REFINEMENTS MADE TO ADDRESS BUDGET PRIOR TO TENDER

There have been a few changes made to the original design concept in order to maintain the project budget as well as the changes to the interior space based on the permanent relocation of Pro-Demnity Insurance Company. All options considered were assessed as to their energy impact and cost in order to ensure that the zero net carbon goal would not be compromised. Council has approved the following refinements:

Reductions from the original scope:

- a. Elimination of the Ice Tank
- b. Removal of the boiler
- c. Reduction of some of the minor mechanical elements
- d. Reduction in internal glazing for meeting rooms

Additional scope was also approved by Council which included:

- e. Updating and refreshing of the washrooms
- f. Server Room relocation

Council has also decided to delay implementation of specific recommendations to address the issue around bird strikes in order to ensure the most appropriate direction is adopted. See more below.

RESPONDING TO THE FLAP REPORT RESEARCH UNDERWAY

FLAP Bird-Building Collision Reduction Strategies report was commissioned by the Building Committee and completed in September 2016. OAA Council is taking the recommendations seriously, but has not made any final decisions on those recommendations at this time.

As the recommendations deal with the existing curtain wall, the implementation does not have to be incorporated into the design of the retrofit project and may be implemented in a phased approach outside of the construction contract, out of existing operation and maintenance budgets. The Committee and Council agree that the OAA Building needs to successfully address the issue of bird strikes and finding the best approach is critical.

As directed by Council, the Building Committee is currently looking at warranty and seal issues in regard to the existing curtain wall. Council has deferred this item so that additional information can be collected and analyzed. These decisions have been delegated to the Building Committee. Members will be kept informed of the progress by the Committee on the bird-safe solutions.

In addition, the new design incorporates some punch windows which will include a film that addresses the potential for bird collisions. In addition, the location of interior planting and light levels will be adjusted, in accordance with the report, as the building construction is completed, commissioned and re-occupied by the OAA.

COMMUNICATING THE PROJECT

At the September 14 meeting of Council, the Communications Plan for 'Phase II' of the OAA HQ Renew + Refresh Project was approved.

For this phase, the Communications Plan will concentrate on the technically focused aspects of the design and construction that relate specifically to sustainable design and reaching zero net carbon. Given that Phase II is technically focused the main target audiences will be architects and allied industry players.

The Building Committee will continue to offer presentations upon request.

Highlights of the communications plan include:

- Time-lapse photography throughout the construction project
- Tours (5 to be coordinated during construction)
- Website updates + Video clips
- Member updates – Special OAA Building News
- Site signage about the project
- Archive creation: full resources and history online: publications, media coverage, documents, timelines, etc.

You are subscribed as **INSERT_EMAIL**

[Click here](#) to unsubscribe or update your e-mail preferences

The OAA offices are located at 1 Duncan Mill Road, Toronto, ON M3B 1Z2