THE CORPORATION OF THE
DISTRICT OF SUMMERLAND
REQUEST FOR DECISION

DATE: January 23, 2023 FILE: 0810-01

TO: Graham Statt, Chief Administrative Officer

FROM: Lori Mullin, Director of Community Services

SUBJECT: Recreation Centre Project Update

STAFF RECOMMENDATION:

That Council pass the following resolution:

> ***THAT the "Recreation Centre Project Update" report from the Director of Community Services dated January 23, 2023, be received for information;***
>
> ***AND THAT staff be directed to return to Council to discuss referendum options and timelines after grant announcements have been made regarding the UBCM Strategic Priorities Fund.***

STRATEGIC PRIORITY:

Infrastructure Investment: Stewardship of capital assets in a cost-effective manner through ongoing maintenance and replacement.

Community Resilience: Utilizing resources to create and adapt programs and services that support a vibrant and liveable community.

Active Lifestyles: Ensuring community design and services that enhance inclusive, barrier free participation and promotion of physical activity and healthy lifestyles.

CULTURAL IMPACT STATEMENT

Providing recreation facilities and amenities supports community vibrancy and a healthy and connected community.

PURPOSE**:**

To receive an update on the Recreation Centre project and to discuss referendum timelines.

BACKGROUND:

The Recreation Centre has been identified by Council as a priority project. The Parks & Recreation Master Plan community survey indicated that replacing this facility was one of the highest priorities for the community. At 47 years old, the existing Summerland Aquatic & Fitness Centre is at the end of its serviceable life which was confirmed by the 2018 Facility Condition Assessment Report.

Staff provided Council an update on the Recreation Centre project at the December 12, 2022 Committee of the Whole meeting. The report included an update to the project cost estimate and corresponding estimated household parcel tax and property tax implications, an overview of the civil connections and geotechnical assessment reports, and a presentation on Green Building options.

Council requested staff follow up with more information on the exclusions to the current project cost estimate.

DISCUSSION:

The following is an outline of the project exclusions and estimated costing and/or explanations.

Exclusion	**Estimated Cost**	**Notes**
GST	$0	GST is 100% recoverable from the Federal government, therefore, no financial impact to the District.
Land and associated taxes and legal fees	$0	District owned property; not required.
Demo of current facility	Original estimate = $1,102,321 Revised to $1,455,063	Includes an allowance for General Contractors Overhead and Fee, design contingency allowance, and construction allowance but excludes escalation contingency allowance, soft costs and GST. Might be a SD67 issue or shared responsibility. LTA follow up: allow 15-20% escalation and 10% for soft costs (construction contingency of 5% is included).
Financing costs	TBD	To be incorporated in the parcel or property tax increases - recent calculations were based on an interest rate of 4.67% over 30 years with annual debt payments estimated to be $3,197,879
Development Cost Charges	$82,624	Institutional per sq. meter of gross floor area = $26.61/m2 (architect to estimate from gross floor area) 3,105 m2.
Course of construction insurance	TBD	LTA notes that it could be a cost that is passed along to the contractor however their rates may be more expensive than what the District can negotiate. Could potentially be a cost savings.
DoS bond costs	Included	Bonding included in Rec Centre project costing; District off-site projects will include bonding in pricing (IE frontage upgrades).
Project delays due to supply chain issues and civil orders relating to the Covid-19 pandemic	N/A	May not be applicable.
Future unknown effects on materials pricing due to International trade, disputes, embargos and tariffs	N/A	May not be applicable.

Special foundations and/or ground improvement work	N/A	Not anticipated based on geotechnical assessment.
Portering and relocation costs	Potentially manage internally	These are costs for relocating staff and equipment from old building into the new, moving costs, IT hook ups, etc.
Temporary accommodation	Potentially manage internally	Temporary storage and office space if required between relocating.
Upgrades to existing arena building including fire suppression system	$450,000	Already budgeted in the 5-year capital plan separately as an arena project for 2024-2026 (at the same time as recreation centre construction to tie in to water reconnection). No cost allocations have been included for any arena interior upgrades (after buildings are connected).
Net-Zero options	Still to be determined (up to ~$10 million)	LTA states that it is too difficult to respond with a value as it is too early in design with no mechanical, electrical and structural consultants engaged. Could be in 15-20% range depending on how it is achieved.
Cost escalation past allowance	$612,500 every 3 months	Need to add additional escalation if anticipating further project delays. LTA estimates 1.25% for every 3 months the schedule is pushed out.
Jubilee Road frontage upgrades (curb, gutter, sidewalks, etc.)	$147,671 $314,509	May be a separate capital project: -Frontage only (includes 25% contingency). -Sidewalk to Rosedale (includes 25% contingency).
Third party utility upgrades	Allocations included	Telecom upgrades would potentially be minimal to none (the arena and the rec centre could share an internet/phone line); LTA assigned $5,000 for in the estimate. $10,000 allocated for Fortis connections. $100,000 has been assigned for electrical utility upgrades (+ another $300,000 for site electrical such as lighting and infrastructure) in the estimate.
Off-site parking upgrades/circulation	Not incl.	Changes to parking circulation based on parking area upgrades are needed north of Timbermart. Reconfiguration and lease options still needs to be determined. Road works for onsite parking is included in the estimate (mix of new and repair). Off-site parking upgrades is not included.
Off-site traffic upgrades, circulation	Not incl.	No costs have been included for a traffic study or road upgrades.

There is currently approximately $3 million assigned for a design contingency for risk / unanticipated costs. The District could assign an additional “owners contingency” to cover further risks or off-site works.

Next Steps

The project timeline had previously targeted Spring/Q2 2023 to implement a referendum to obtain electoral approval, in accordance with Part 4 of the *Local Government Act*. The referendum provides the community an opportunity to vote on whether they support the District of Summerland to borrow the required funds to implement the Recreation Centre project.

Staff are recommending waiting until the results of the District's application to the UBCM Strategic Priorities Fund for $6 million are announced prior to confirming a referendum process. This information impacts the amount of borrowing that would be required and the referendum question. Staff would also provide Council updated project funding strategies to consider at that time.

The grant announcement is expected in the Spring of 2023.

Staff will continue working on obtaining the requirements to complete the application for the Green & Inclusive Community Building (GICB) grant which is due on February 28, 2023.

Staff are working with RDOS communications and contractors to build communication materials and updating online information.

Current communications initiatives include:

- District project webpage (www.summerland.ca/rec-centre)
- RDOS Regional Connections interactive website
    - Question & Answer (Q&A) online option
    - Fact Sheet
    - Frequently Asked Questions (FAQ) document (updated monthly)
    - Posted project reports/documents and Council Meeting reports
- Ongoing project updates via web, social media and newsletter

Future communications to be developed and implemented:

- Community updates and news releases
- Project information materials (documents, postcards, display boards, etc.)
- Project information video(s)
- In-person and electronic open house events (after referendum is set)

LEGISLATION and POLICY:

- Part 4, *Local Government Act* (Assent Voting)

FINANCIAL IMPLICATIONS:

The 2023 Capital Budget has an allocation of $100,000 for the implementation of next steps and consultants support for the Recreation Centre project.

Reviewed by Financial Services:

Staff have submitted a grant application to the UBCM Strategic Priorities Fund delivered through the Canada Community-Building Fund in BC (formally known as the Gas Tax Fund) for $6 million under the Capital Infrastructure stream for the Recreation Centre project. It is anticipated that grant announcements will be made in Spring 2023 according to the grant website.

Staff are also compiling information and seeking consulting support to complete the Green & Inclusive Community Buildings (GICB) grant for a net-zero carbon facility.

SUPPORTING DOCUMENTS:

1. Recreation Centre Project Update Presentation Slides

CONCLUSION:

Staff continue to complete project milestones working towards the goal of replacing the Summerland Aquatic & Fitness Centre, which is nearing the end of its serviceable life.

OPTIONS:

1. Move the motion as recommended by staff.
2. Refer to staff for other options.

Respectfully submitted,

Lori Mullin
Director of Community Services

Endorsed by,

Graham Statt
Chief Administrative Officer

Presentation: Yes ☒ No ☐