THE CORPORATION OF THE
DISTRICT OF SUMMERLAND
REQUEST FOR DECISION

DATE: December 12, 2022 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 December 12, 2022, be received for information.***

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 an overview of the results of the Geotechnical Report, Civil Connections Assessment, Green Building Assessment, and revised cost estimates.

BACKGROUND:

Year	Deliverables
2018	✓ Parks & Recreation Master Plan Recommendations: 6.3 Develop a long-term strategy for the eventual replacement of the Aquatic Centre 6.4 Replace or upgrade the pool as per the long-term strategy

	6.5 Implement a facility replacement reserve to support the eventual replacement of the facility ✓ Summerland Aquatic & Fitness Centre Facility Condition Assessment Report
2019	✓ UBCM Conference Ministry Meetings - advocacy for project ✓ Summerland Community Recreation & Health Centre Steering Committee initiated
2020	✓ Summerland Community Recreation & Health Centre Steering Committee MOU Signed by: District of Summerland, Division of Family Practice, Interior Health, and School District 67. Letter of Support issued by Penticton Indian Band. ✓ UBCM Conference Ministry Meetings - advocacy for project
2021	✓ Summerland Community Recreation & Health Centre Needs Assessment Included: comprehensive community engagement process, recommended program and space requirements, schematic costs and revenue projections, recommendations and next steps ✓ Council confirmed the components to be included in the Recreation Centre Feasibility & Site Fit Study (6-lane pool, leisure pool, family hot tub, steam or sauna room, 3 changerooms, fitness centre, activity/group fitness room, multipurpose room, administration and mechanical spaces). ✓ Council confirmed that the Recreation Centre Feasibility & Site Fit Study and Primary Health Care Centre Feasibility Study will be conducted as separate projects. ✓ UBCM Conference Ministry Meetings - advocacy for project
2022	✓ Summerland Recreation Centre Feasibility & Site Fit Study Included: comprehensive community engagement process, confirmation of program and space requirements, site analysis, site strategies, cost-benefit assessment, sustainability options, schematic designs, cost estimates, recommendations and next steps ✓ Council confirmed the strategy to build a new facility on the Summerland Arena & Curling Club property (8820 Jubilee Road). ✓ UBCM Conference Ministry Meetings - advocacy for project ✓ Geotechnical Site Assessment ✓ Civil Connections Site Assessment ✓ Green Building Assessment ✓ Updated Cost Estimates
2023*	➢ Funding strategy ➢ Referendum decisions (to proceed or not, the question, the date) ➢ Communication plan and implementation ➢ Referendum ➢ Procurement process for design and build (depending on referendum result)
2024*	➢ Complete design work ➢ Q3 Construction start up
2026*	➢ Construction completed
*anticipated dates and deliverables, yet to be confirmed	

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.

The Recreation Centre Feasibility & Site Fit Study final report was received by Council on February 28, 2022 at which time Council endorsed the consultant's recommendation to confirm the Summerland Arena and Curling Club site (8820 Jubilee Road) as the preferred site strategy.

The Feasibility Study included Class C cost estimates of $38.3 million for new construction at the Summerland Arena & Curling Club site which was calculated by professional quantity surveyors and construction cost consultants using best available market information and analysis at that time. These costs were compiled in November 2021 based on the architectural schematic drawings created by the project architects and included construction costs, project costs and escalation costs for a construction start in Q1 2024.

The schematic drawings reflect the core recreation amenities as identified by the community through an extensive community needs assessment engagement process. The single-story 33,400 gross square foot facility is designed to be attached to the arena building and create a multi-purpose sports complex on the site. Key features include a 6-lane 25-meter pool, leisure pool, hot tub, sauna or steam room, universal changerooms, fitness centre, and two multipurpose recreation program spaces.

DISCUSSION**:**

Staff have conducted additional assessments to improve precision of the Feasibility Study cost estimate (calculated in November 2021) and reduce risks of project cost overruns. The updated project costs excluding GST is now estimated at $48,981,394. This project cost does not include any funding contributions such as grants. The project cost does include building construction to LEED Silver standards.

The following is a summary table of the high-level results of the reports.

Report	Summary
Geotechnical	• No site concerns identified; further review at construction.
Civil Connections	• Recommend installing a new combined water service for both arena and Recreation Centre along Pineo Court. • Recommended that sanitary connection be routed via Peach Orchard Road. • No existing site stormwater collection networks; further investigation may be required for stormwater management. • A new electrical transformer will be required. • Third party utilities are present and underground infrastructure may need to be upgraded. • Recommend review of road frontage along Jubilee Road to determine whether it will be upgraded to include curb, gutter, and sidewalk.

Cost Estimate	• Construction cost estimate updated to $48,981,394. • Estimate includes market adjustments due to inflation and adjusted escalation percentage (14%) and extension (to Q3 2024). • Estimate includes civil connections off-site improvement recommendations as per Report. • Estimate includes obtaining LEED Silver construction standards. • Exclusions listed below in report.
Green Building	• Review of: BC Energy Step Code 1, 2, 3 LEED Building Design and Construction Zero Carbon Building Design and Performance Standard. • Designing and building a new Aquatic Centre to meet the minimum requirements of the BC Building Code will improve its energy efficiency. • LEED framework can help the District work towards a greater number of relevant climate actions from the District of Summerland Corporate Energy and Emissions Management Plan. • Construction cost estimates meet the requirements of a building constructed to LEED Silver standards.

Geotechnical Report

Interior Testing Services Ltd. was hired to carry out a geotechnical investigation of the proposed project site on 8820 Jubilee Road based on the project schematic drawings of the Recreation Centre which will extend below site grades.

The investigation was conducted to identify underlying soil and groundwater conditions with respect to general geotechnical comments for site development.

The results of the investigation have indicated that the site appears well-suited from a geotechnical engineering perspective for the proposed recreation centre building. The underlying soils are considered good quality for building support on conventional foundations, and extraordinary site preparation and/or ground improvement measures are not required. Recommendations for further site development, foundation preparation and design, and building drainage have been outlined in the report. Future geotechnical review is recommended at the time of construction to provide additional geotechnical guidance as needed.

Civil Connections Pre-Design Briefing

McElhanney Ltd. was engaged to complete a pre-design assessment of the project site on 8820 Jubilee Road to assess the civil servicing requirements, existing utility sizes and locations, expected servicing upgrades, and stormwater management for the proposed recreation centre.

Water

The assessment included an analysis of current water demands and service sizes on site at the arena and anticipated future demands and requirements with the new facility. Based on that analysis and consideration of four options, the report recommends that the existing water service for the arena be abandoned and installation of a new combined water service for both facilities from the existing 200mm stub along Pineo Court occur. This has the advantage of not requiring

significant offsite works for the water service. There are multiple options for splitting the service within the property to minimize the re-plumbing required within the Arena building, including the use of two water metres rather than one combined meter, and splitting off the sprinkler services to each building to bypass the meter(s).

Sanitary
It is recommended that the sanitary service connection for the combined Arena/Aquatic Centre be routed via Peach Orchard Road. The individual 150mm sanitary service for the Arena and the Aquatic Centre would be routed to an onsite manhole in the northwest corner of the site. From there, a 200mm sanitary service would be directed to Peach Orchard Road where it would tie-into an existing manhole. The existing 100mm sanitary service stub off Peach Orchard Road would be abandoned at this time.

Stormwater
Based on the District of Summerland GIS there are no existing stormwater collection networks adjacent to the project site. The nearest storm main is located along Peach Orchard Road and is undersized to service the development. It is possible that ground infiltration for stormwater will not be feasible for this property, resulting in the need for alternative stormwater management methods to be devised. Further investigation is required.

Summerland Electrical Utility
A new transformer is required to service the new facility which currently has a two-year lead time to obtain.

Third-party Utilities
Summerland Electric, Telus, Shaw, and Fortis Gas are all available in the area, however it is not known if their infrastructure will need to be upgraded in order to service the new facility. As this infrastructure is underground, upgrades would include removal and restoration of paved roadways and landscaped boulevards. It is recommended that the utilities be engaged as early as possible in the design process to allow the development of the cost estimates of any upgrades to help the District determine the next steps for the project.

Roads
It is recommended that the District determine whether the road frontage along Jubilee Road E will be upgraded to include curb, gutter, and sidewalk as a result of this development. Off-site road works are not currently included in the Recreation Centre project budget.

<u>Updated Costing Report</u>

The updated project costs excluding GST is now estimated at $48,981,394. This project cost does not include any funding contributions such as grants. The project cost does include building construction to LEED Silver standards.

LTA Consultants Inc., the professional quantity surveyors and construction cost consultants who completed the initial schematic design estimate in November 2021 for the Recreation Centre Feasibility & Site Fit Study, were recently reengaged to provide updated costing as this past year has demonstrated unprecedented cost increases.

The LTA consultants have updated all unit costs based on current construction costing and have updated numbers to include the off-site civil connections improvements as outlined in the McElhanney Pre-Design Briefing Report. The consultants confirmed that the allowance included

in the estimate should be sufficient to cover the cost of the utility upgrade (transformer, primary and secondary cable etc).

The significant cost increase from the November 2021 project cost to this updated project cost is partly reflected in the escalated pricing for glass and glazing (windows), aluminum (supply chain issues), overall building envelope cost increases, and formwork for concrete ($10/foot to $15/foot for simple foundation work). The estimated construction costs are up approximately 28%.

The project cost includes an escalation rate of 14% which reflects a late third quarter 2024 tender date (extended from Q1 2024). There is design contingency allowance of 10% and a construction contingency of 5% included in the estimate.

The LTA consultants have confirmed that the baseline estimate of construction costs included in this estimate assumes a building that would meet the requirements of a building constructed to LEED Silver standards.

The cost estimate does not include: land fees and associated taxes and legal fees; financing costs; Development Cost Charges; course of construction insurance; GST; project delays due to supply chain Issues and civil orders relating to the Covid-19 pandemic; future unknown effects on materials pricing due to International trade disputes, embargos and tariffs; District of Summerland bond costs; special foundations and/or ground improvement work; portering and relocation costs; temporary accommodation; upgrades to existing arena building including Fire Suppressions System; Net Zero options; items listed as excluded in the detailed Backup; and cost escalation past allowance included.

The estimate has been derived using generally accepted principles on method of measurement as per the Canadian Institute of Quantity Surveyors Elemental Cost Analysis.

The LTA consultants have indicated that while there has been a significant increase in construction costs in the past year, there are no indications that construction costs will go down if we delay the project. It is too early to say yet what affect a recession will have on the economy. Additionally, it is now clear that inflation is not “transitory” and will likely be present in the economy through 2023 and 2024.

A representative from LTA Consultants will be available at the Council meeting to answer any questions Council has regarding the updated cost estimate.

<u>Green Building Assessment Report</u>

District staff engaged Recollective Consulting Inc, a green building consulting firm focused on high-performance integrated design facilitation, Passive House, Step Code, LEED, Zero Carbon and advanced building simulations.

The consulting team completed a Summerland Recreation Centre Green Building Assessment Report which provides an:

- Overview of the Green Building Frameworks including:
    1. BC Energy Step Code 1, 2, 3
    2. LEED Building Design and Construction
    3. Zero Carbon Building Design and Performance Standard
- Overview of the benefits of each Framework
- High level cost breakdown of each Framework

- Comparison of Frameworks to climate actions in the CEEMP
- Overview of relevant grants

B.C. Building Code and Energy Step Codes
Regardless of which Green Building Framework Council decides to go with, the Aquatic Centre needs to comply the minimum requirements of the B.C. Building Code, which is equivalent to the B.C. Energy Step Code 1. These minimum requirements include careful air-sealing practices and heat recovery ventilation, modelling energy performance and measuring airtightness to ensure the building meets the minimum energy-efficiency requirements of the B.C. Building Code.

Designing and building the Aquatic Centre to meet the minimum requirements of the B.C. Building Code will improve its energy efficiency compared to the existing building due to updated energy code requirements. These improvements are achieved through improved airtightness, air and water barriers to prevent mold, and high energy efficiency of the mechanical system that uses heat recovery ventilation to reduce energy consumption. While Part 3 Commercial buildings are not currently mandated to meet higher levels, the District can choose to exceed the current minimum Energy Step Code requirement, such as Energy Step Code Levels 2 or 3.

LEED Building Design and Construction
Leadership in Energy and Environmental Design (LEED) is internationally recognized as the leading voluntary green building standard in North America. LEED uses a point system awarded through mandatory and voluntary building improvements. The higher the LEED level, the greater the number of points required. The LEED framework evaluates building performance using the following criteria:

- Location and Transportation
- Sustainable Sites
- Water Efficiency
- Energy Performance
- Building Materials
- Indoor Environmental Quality

LEED can be distinguished from other frameworks for the inclusion of additional sustainability measures outside of energy efficiency and emission reduction. These include transportation and location accessibility, water efficiency, site sustainability and indoor environmental quality. This can help provide greater integration of the building on site and in the community. The findings from the report also indicates the LEED framework can help the District work towards a greater number of relevant climate actions from the District of Summerland Corporate Energy and Emissions Management Plan (CEEMP).

Based on the current building issues identified in the Property Condition Assessment report, achieving LEED Silver or Gold could possibly attain Energy Step Code levels 2 or 3 depending on the final building design. As noted in the updated costing section above, the baseline estimate of construction costs assumes a building that would meet the requirements of a building constructed to LEED Silver standards. No additional project premium is required to be added to the budget to meet this standard.

Zero Carbon Design and Performance Standard
Zero Carbon Building Design is a framework managed by the Canadian Green Building Council (CaGBC) that focuses on achieving certification for zero carbon building design. Carbon emissions and energy performance are the main focuses of the framework to achieve a Zero

Carbon Design, specifically looking at building design, construction and operations. The standard has two options, the first is for new building design/construction which is required to achieve zero-carbon (ZCB Design) or for existing buildings that continue to work towards zero carbon operations (ZCB Performance).

The ZCB Design would be the applicable avenue for the proposed new Aquatic Centre as it applies to newly constructed buildings. The ZCB Design Standard goes above and beyond the Energy Step Code as it considers carbon emissions and their sources through construction, materials and operations, in addition to achieving energy efficiency in order to achieve Zero Carbon Design. Whereas the Step Code primarily focuses on building envelope and design to increase energy efficiency. The ZCB Design is the standard required as part of the Green and Inclusive Community Buildings grant program, as such, if this grant is pursued, the design of the building would need to meet these standards. A capital cost premium between 1% - 5% is noted to be added to base construction costs to meet this standard.

A representative from Recollective Consulting will present the report to Council and be available to answer any questions.

Next Steps

January:

- Council to review project funding strategies.
- Council to consider and confirm whether to proceed with a referendum.

If the decision is to proceed with the referendum:

- Council to consider and confirm the referendum question.
- Referendum date to be confirmed (target Spring/Q2 2023).
- Implement the communication plan.

Based on feedback received during the project public engagement phases, staff want to ensure the community has detailed information prior to a referendum. District staff have confirmed RDOS support for contracted communication leadership and implementation which will include the development and roll out of a comprehensive communication plan over the next six months. The draft communication plan will be presented to Council in January for input. The District project webpage has been updated with current project information www.summerland.ca/rec-centre. The District web page will also have a direct link to an interactive engagement platform which has been provided by the Regional District (RDOS Regional Connections) which will launch on December 12. The project web page will continue to be populated through to the referendum and will be enhanced with a variety of other communication strategies which will be discussed with Council in January.

Should the referendum indicate support for the project, the procurement process will begin immediately for Recreation Centre design and build. It is anticipated that construction could begin in the Q3 of 2024 and be completed in approximately 2 years (2026).

LEGISLATION and POLICY:

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

FINANCIAL IMPLICATIONS:

Reviewed by Financial Services:

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

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.

As this project is of a significant scale, Council will require the approval of the electors to borrow the funds needed for construction. Due to the estimated borrowing amount, Council has previously directed that a referendum ("assent voting") be conducted to obtain this approval, in accordance with Part 4 of the *Local Government Act.*

Based on the revised project costs of $48,981,394, should the District borrow the full amount and amortize it over 30 years and at an interest rate of 4.67%, annual debt payments are estimated to be $3,197,879.

Should Council choose to implement a parcel tax to cover these debt payments, the estimated annual parcel tax would be $556.15.

If Council chooses to increase property taxes to cover these debt payments, this would equate to the following estimated annual increases for the below noted assessed homes:

2022 Average Assessed Home - $790,506	$560.13 annually
Assessed Home - $500,000	$354.29 annually
Assessed Home - $1,000,000	$708.57 annually

Please note that the above parcel and property tax projections have been calculated based on 2022 assessed values and tax rates and could change once BC Assessment publishes 2023 assessments.

SUPPORTING DOCUMENTS:

1. Recreation Centre Update Presentation Slides
2. Green Building Assessment Presentation Slides
3. Green Building Assessment Report

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, and the target of a Spring/Q2 2023 referendum to determine public support.

OPTIONS:

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

Respectfully submitted, Endorsed by,

Lori Mullin
Director of Community Services

Graham Statt
Chief Administrative Officer

Presentation: Yes ☒ No ☐