

PURPOSE

The purpose of this report is to respond to a number of specific questions posed by Council following a previous presentation on the Crystal Pool Feasibility Study, in December 2016. In addition to updating certain information relating to the potential facility options, staff are also seeking Council approval on the preferred facility type, which will permit the completion of the remaining deliverables of the Study and launch the next phase of the renewal project.

BACKGROUND

At the December 8, 2016 public meeting, Council approved the following motion;

That Council direct staff to:

- (1) Report back on a priority basis on the following items to refine consideration of all three Options: (a) Identifying all contaminants in the existing facility, such as asbestos; (b) Determining the likelihood of site contamination through an environmental survey; (c) Determining condition of key piping through camera survey; (d) Other surveys as required in order to mitigate risk; (e) Parking and transportation options;*
- (2) Undertake value-engineering to refine cost estimates for the Options by identifying opportunities to: (a) reduce project scope and costs; (b) limit the duration of closure of the facility (for Options 1 and 2).*
- (3) Reach out to Provincial and Federal funding partners and report back on external funding opportunities to offset the requirement for City borrowing.*
- (4) Explore options to reduce the net cost by incorporating new leased space for sports/fitness professionals, including health and wellness, to offset annual operating costs to the City.*
- (5) Explore options to reduce the net capital and operating cost by working with non-profit recreation providers, including Victoria Curling Club, consistent with the public operation of the pool and fitness centre.*
- (6) Report back on a process to explore partnerships with non-profit housing providers.*
- (7) Report back on items 1, 2, 3, 4, 5 and 6, on a priority basis.*

ISSUE & ANALYSIS

Over the past several weeks the project team has focused on responses to each of the topics noted. The following offers a summary of key information or findings regarding each element, including the implications for potential facility options where applicable.

Action	Key Findings	Implications to Facility Options
1. Report back on a priority basis on the following items to refine consideration of all three Options; a) Identifying all contaminants in the existing facility, such as asbestos	Over the past several years various studies have examined the hazardous materials within the facility structure and systems. The known contaminants include asbestos, lead paint, mercury containing equipment. It is anticipated that certain other substances may also be present,	The costing presented to Council did account for significant resources for this work, however, the additional analysis has confirmed these allowances would likely be insufficient. Staff recommend increasing the allowance for each

	however, and without further destructive testing have not yet been quantified.	option to reflect the new information and advice.
b) Determining the likelihood of site contamination through an environmental survey	An initial (Phase 1) environmental survey was completed and identified two potential low risk areas of concern for future investigation. The first relates to potential contamination that may have occurred prior to the 1980s, when the facility's heating oil tanks (2) were removed. The second item concerns potential contamination via leeching in the soil from nearby properties (ie gas station on Quadra St). No evidence was found to suggest that either risk is significant.	If further analysis is required, a more detailed environmental analysis could occur once the facility option has been confirmed. The cost of this analysis would be covered within the projected budget.
c) Determining condition of key piping through camera survey	The condition of existing piping systems was assessed. Approximately 80% was reviewed through the use of a camera; the remaining 20% could not be accessed due to the pipe size. The overall condition has been reviewed at various points over the past few years and is in poor condition.	To meet building code requirements the existing piping would be replaced and upgraded as part of a renovation. This has been accounted for in the facility options, as presented.
d) Other surveys as required in order to mitigate risk	Two additional surveys were conducted to assess the archeological status and foundation soil conditions at Central Park. Neither investigation resulted in concerns.	No negative impacts are anticipated for any of the facility options at Central Park.
e) Parking and transportation options	A preliminary study of the existing vehicle parking (reserved/short-term) inventory in the immediate vicinity of Central Park was completed. There are a total of 584 parking spaces on adjacent streets and parking lots at Crystal Pool, Royal Athletic Park and SOFMC Arena. Of these, approximately 314 are available for short-term use during the day, and approximately 425 are available after 6pm, when the pool facility is busiest. Utilization statistics were not available, but would form part of a comprehensive study. Central Park is also serviced by frequent bus service (at 15 minute intervals), as well as an "AAA" cycling route on Vancouver Street.	Once the facility option is determined and the site confirmed, a transportation study would be in order. This study will clarify the anticipated transportation demand, existing options, and strategies to reduce parking demand.

<p>2. Undertake value-engineering to refine cost estimates for the Options by identifying opportunities to: (a) reduce project scope and costs; (b) limit the duration of closure of the facility (for Options 1 and 2)</p>	<p>No further changes identified.</p>	<p>Once the facility option is determined, value-engineering will commence as part of the detailed design process.</p>
<p>3. Reach out to Provincial and Federal funding partners and report back on external funding opportunities to offset the requirement for City borrowing</p>	<p>Investigation into applicable funding programs was completed. Three major programs were identified for "recreation infrastructure", administered via the Federal and Provincial governments. Historically, these programs have provided up to 33% from each level of government, however, the funding model for future programs has not yet been confirmed.</p>	<p>Once the facility option is determined applications will be submitted for all relevant government programs, as well as others that may arise.</p>
<p>4. Explore options to reduce the net cost by incorporating new leased space for sports/fitness professionals, including health and wellness, to offset annual operating costs to the City</p>	<p>Two options for leasing space exist; i) by adding to the current footprint to accommodate a tenant, or ii) utilizing space within the current footprint. Either option would have a potential service benefit.</p> <p>Adding dedicated lease space through additional area is not recommend, as this would amount to trading debt servicing costs for operating revenue; essentially spending additional capital to then have it recovered over the long-term.</p> <p>A second option is to seek opportunities during the design development phase to explore the potential for complimentary small-scale operations within the existing footprint. The impact of this approach is likely to be positive financially and for customer service.</p>	<p>Options to incorporate leasable space within the facility footprints, will be explored further during the design development phase.</p>

<p>5. Explore options to reduce the net capital and operating cost by working with non-profit recreation providers, including Victoria Curling Club, consistent with the public operation of the pool and fitness centre</p>	<p>Detailed discussions to-date have occurred with two non-profit societies; Victoria Curling Club, and Victoria Silver Threads Service.</p> <p>Adding a new curling facility would significantly increase project scope/scale; construction costs alone are projected in the order of \$7-8M. The Curling Club does not currently have a detailed long-term renewal plan or funding strategy. Co-locating with the curling rink is unlikely to result in reduced capital or operating costs of the pool.</p> <p>Victoria Silver Threads offers outreach services for older adults in a facility owned by a third party. This group could relocate within the existing conceptual plan for Option 2 or 3. The potential program synergies are significant, and operating cost savings would be realized by City in ending the lease for the current external space (\$122K per year).</p>	<p>Victoria Silver Threads Service (VSTS) co-location is viable for Options 2 and 3, given the additional space planned. A net positive financial and service benefit would be expected. Pending any concerns of Council, staff plan to continue discussions with VSTS to explore this option.</p>
<p>6. Report back on a process to explore partnerships with non-profit housing providers</p>	<p>Staff have determined the appropriate process to explore potential partnerships would be "market sounding". This would help determine whether the concept was feasible and the level of interest from potential operators.</p> <p>If the building site is at Central Park, bylaw amendments would be required (OCP, Zoning Regulation, and North Park Bylaw; the latter requiring approval of the electors given that it relates to amendments affecting dedicated park space).</p>	<p>The overall timeline for this process is estimated at up to 12 months, which would impact the pool facility design and construction timelines.</p> <p>It is expected that the overall cost of the project would increase with the addition of a housing component; the degree of this would depend on the final scope/design of the housing.</p>

OPTIONS AND IMPACTS

The additional assessments were productive and resulted in an adjustment to the prior recommendations for Council consideration.

Specifically, the project team has updated the total project cost for each of the facility options to reflect the more detailed analysis and findings regarding hazardous materials abatement and disposal. The initial project cost estimates included \$40M for Option 1, \$56M for Option 2, and \$68.4M for Option 3. Based on the additional information and the best advice of an environmental specialist and cost consultant, these figures have been updated to \$41M (Option 1), \$57M (Option 2), and \$69.4M (Option 3). These adjustments are considered prudent prior to the approval of the preferred option and budget. The table below is an updated version of the information presented in the previous Council report, now reflecting the amended cost projections.

Updated Project Costs	Option 1: Retrofit	Option 2: Renovation and Expansion	Option 3: New Facility
Hard and soft cost estimate	\$25.4 million	\$35.3 million	\$45.8 million
Cost escalation assuming mid-2018 start date	\$6.1 million	\$8.6 million	\$10.4 million
Construction contingency (30% for options 1 and 2; 20% for option 3)	\$5.7 million	\$8.1 million	\$7 million
Project contingency (10%)	\$3.7 million	\$5.1 million	\$6.2 million
Total Project Cost	\$40.9 million	\$57.1 million	\$69.4 million
Net Present Value*	\$62.3 million	\$78.5 million	\$69.4 million

Next Phase of Project

With the approval of a preferred facility option and funding strategy, the project team will be positioned to complete the implementation plan for the next phase of work. Among the immediate needs is a dedicated Project Manager, who will guide the development of the overall project plan, refresh the project team, progress the level of design detail, coordinate the funding requirements, and ultimately oversee the construction process.

As noted in the previous Council report, staff are recommending approve funds from the City Buildings and Infrastructure Reserve for this project, with the remainder to come from external sources (borrowing, grants, etc). It is further recommended that the reserve funds be approved as part of the 2017-2021 Financial Plan, which may be utilized for immediate project requirements.

Another key action is the referendum and associated planning for this. This process involves the introduction of a Loan Authorization Bylaw which is the subject of the referendum. The Bylaw requires approval of the Inspector of Municipalities prior to the referendum. A typical timeline required to adequately prepare, communicate and implement a referendum, ensuring that there is suitable time for community engagement, at the outset is suggested to be three to four months. The variability leaves time for the Provincial approval process for the Loan Bylaw.

CONCLUSION

Staff recommend that Council approve the recommendations outlined above, which will permit the completion of the implementation plan and progression of the project to the next phase. In the coming months staff will report to Council with the overall project plan.

Respectfully submitted,



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Director
Parks, Recreation and Facilities



Susanne Thompson
Director
Finance

Report accepted and recommended by the City Manager:



Date:

February 9, 2017

Attachments:

A: Project Update: Crystal Pool Feasibility Study – Council Report (December 8, 2016)