

PURPOSE

The purpose of this report is to provide Council with an update on the progress of the Crystal Pool and Fitness Centre Replacement Project, including project initiation and planning, communications and engagement, investigation of funding opportunities and the delivery schedule.

BACKGROUND

The Crystal Pool Project is a major infrastructure initiative, which will result in the development of a new, fully accessible public aquatic and recreation facility. The future building will be a community hub that serves the needs of a growing number of citizens of all ages and abilities, from within the City as well as the surrounding region.

At the February 16, 2017 Committee of the Whole meeting, Council approved the following motion;

That Council:

- 1. Direct staff to develop an implementation plan for a new facility to cost no more than \$69.4 million total.*
- 2. Approve funding to consist of \$10 million from a combination of the Buildings and Infrastructure Reserve and the remainder through a combination of external borrowing and other funding opportunities;*
- 3. Direct staff to amend the 2017-2021 Financial Plan for 2017 to include \$10 million towards the funding of the project;*
- 4. Direct staff to explore additional funding opportunities and report back with a plan to use referendum process as the method for placing the borrowing question before the electors.*
- 5. Direct staff to consult with citizens and stakeholder groups on the design elements of the future facility, in alignment with Council's decision on a facility option.*
- 6. Direct staff to report back to Council with an interim, public version of the lessons learned of the JSB project.*
- 7. Direct staff to report back with a communication plan to accompany the referendum.*

On January 12, 2017 Council approved the 2017-2021 Financial Plan, including funding for the Crystal Pool Project. On June 15, 2017 Council received a staff report on the "Lessons Learned from the Johnson Street Bridge Project", with advice relating to the Crystal Pool Project.

Over the past five months, the project team has systematically progressed through the initial phase of actions to ensure the project is positioned for success.

ISSUES & ANALYSIS

The overall project plan will be implemented over the course of approximately 5 years (2017-2021). This report focuses on the following key components of the initial phase of the project;

1. Project Planning
2. Communications and Engagement
3. Funding Partnerships and Opportunities

A summary of significant actions, considerations and decisions relating to each of these is described in detail in the following sections.

1. Project Planning

In accordance with the City's Project Management Framework, the Crystal Pool Project Plan sets the City's expectations and project success factors for the team and stakeholders. It also serves as an agreement between the City and external Project Manager on how the Project is to be managed.

Specifically, the Project Plan defines the following fundamentals:

- Success criteria for schedule, scope, cost and the City's long term goals
- Governance structure and reporting relationships
- Change management process and decision-making protocols, including change orders, approval levels and thresholds
- Project team roles and responsibilities
- Procurement methodology and management processes including approvals, key acquisitions, standard documents
- Scope, time, quality and cost management and tracking processes
- Stakeholder management processes and how internal project communications will be managed
- Risk management process that includes identification, regular risk reviews and changes in mitigation, transfer or acceptance strategies
- Format and timing of deliverables required of the Project Manager, including status reports, budget reviews, and risk analysis and reviews

To support the above elements, the Plan also includes a risk register, stakeholder register, master project schedule and cost tracking log for the project. Additionally, the Plan will require two "Lessons Learned Reviews", including an interim review at the project's half-way point, and a final review upon project completion, as a Tier 1 capital project.

Governance and Reporting Relationships

The governance structure for the project includes oversight by a Steering Committee comprised of representatives of the City senior leadership group (City Manager, Deputy City Manager, Director of Finance, Director of Sustainable Planning and Community Development, and Director of Parks, Recreation and Facilities). The Project Manager (Colliers Project Leaders) reports to the Deputy Project Manager (Assistant Director of Parks, Recreation and Facilities), and manages the design consultants, as well as the future construction manager. The working group is made up of an interdisciplinary group of staff with expertise in various subject areas.

At present, the project team includes two interim consultants; Colliers Project Leaders for project management services, and HCMA for architectural and design services, procured through limited contracts. Each of these service areas will be open for competitive bid in the coming months.

Identification and Management of Risk

Given its significant scope and scale, the project requires careful management of risk. The Plan includes a comprehensive Risk Management Plan (RMP). The RMP outlines how project specific

risks will be identified, monitored, controlled and mitigated. Risks are categorized by level, type, and importance. The Project Manager works with the City team to assist in identifying risk tolerance which in turn impacts upon schedule, cost, scope and quality.

Design and Construction Approach

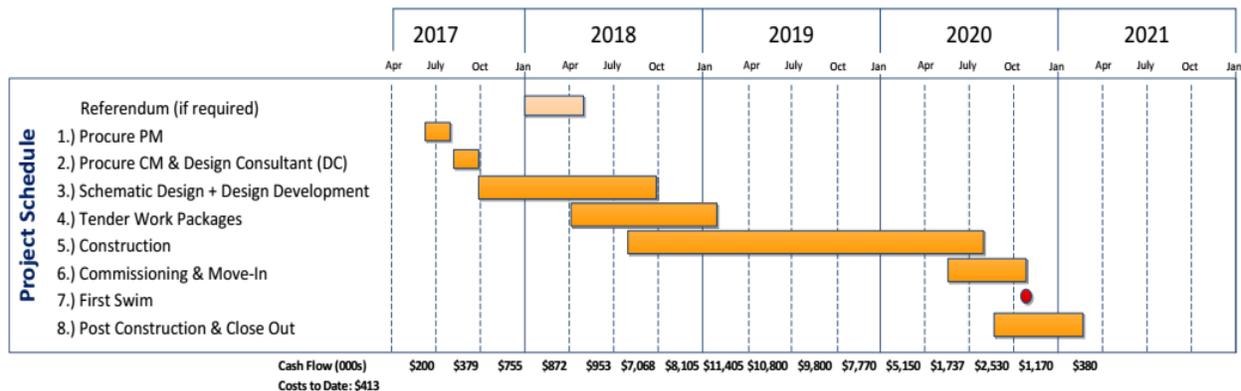
An important decision required in the pre-construction phase is the method of delivery for the design and construction of the facility. The project team has evaluated potential delivery methods and will be seeking Council approval for a preferred direction in an upcoming meeting. These options include;

1. Design-Bid-Build
2. Construction Management for Services
3. Construction Management for Services and Construction
4. Design-Build

Key considerations in evaluating the delivery methods included, risk, schedule, cost certainty, local market conditions (both demand and capacity) and lessons learned from comparable projects in B.C. and Canada. A fulsome report of the risks and benefits of each option will be prepared for Council in advance of seeking a decision in the coming months.

Project Schedule

The high level project schedule outlined below, has been developed following extensive analysis, and is intended to reduce risks (such as the risk of system failure at the existing pool), limit back-end cost escalation, which would impact scope, and allow the City to present a “shovel ready” project when applying for major grant applications. In addition to the anticipated duration for each category of task, the graphic also includes an initial estimate of the rate of spend for the project (along the bottom of the timeline).



Facility Design Development

The project design team has further developed the facility concept presented to Council in February 2017. Building on the feedback collected during the Feasibility Study in 2016, user groups and staff were engaged through three focus group meetings in May, 2017.

Through these consultations the design team has validated and refined key variables, desired uses, functional program and scope:

- Site location: south of current building in Central Park
- Fully accessible facility
- 50metre x 25metre (10-lane) main pool
- 280 square metre leisure/therapy pool
- Hot tub, sauna, steam room
- Elevator
- Universal change rooms and washrooms
- Large fitness area
- Four multi-purpose rooms
- Central customer service area and office space
- Welcoming lobby space
- Green building features

The City is presently executing due-diligence reviews at the Central Park site. This includes an environmental site assessment (level 2) and geotechnical study to determine any significant site conditions. In addition, an arborist review and land survey have been completed to inform the facility's orientation and tree preservation considerations. A transportation demand management study is also underway, which will inform designs for parking, transit, drop-off/pick-up, cycling and pedestrians.

In July 2017, the design team will incorporate updates identified from the site studies and stakeholder consultations, and finalize the functional program. This indicative design will lead to a further refined (Class D) cost estimate.

Project Budget

The pre-construction phase of the project consists of investments associated with due-diligence, as well as design, project management and communications support. A detailed budget update is in development, pending information relating to investigations either underway or planned. The following summary outlines the projected allocation of funds for the pre-construction, construction, and post-construction phases. The pre-construction work includes resourcing, analysis and design to 25% of complete design, and is expected to be complete by Q2 2018. The funding source for the costs associated with the pre-construction period is the \$10M allocation approved by Council in the 2017-2021 Financial Plan.

	Pre-Construction, Soft Costs	Construction	Post Construction, Commissioning	Cost Escalation	Contingency	Total
Budget	\$6.9M	\$35.1M	\$3.8M	\$10.4M	Construction \$7M Project \$6.2M	\$69.4M
Commitments To-Date	\$413K	\$0	\$0	\$0	\$0	\$413K
Remaining Funds	\$6.5M	\$35.1M	\$3.8M	\$10.4M	\$13.2M	\$69M

A risk associated with construction project budgets relates to the market conditions and cost escalation. A recent assessment by a local cost estimation expert has indicated the annual estimated escalation rate for 2018 onward to be approximately 6-8% (\$385K-\$475K/month for this project). This rate is 1-3% higher than initially projected based on industry benchmarking earlier this year.

As construction costs will not decrease over time, a prudent method of mitigating this risk is

completing the pre-construction design work at the earliest opportunity. This approach will also position the project well in the evaluations by granting authorities, as the project will be “shovel-ready” when infrastructure funds are being awarded in 2018. Additionally, staff have been advised by a senior representative of the federal government that costs associated with “design” are ineligible for funding through some major grants administered via the federal government.

2. Communications and Engagement

The communications and engagement program is an important aspect of this project. An overall strategy has been developed which builds on the technical design work by:

- Increasing awareness on the need to replace Crystal Pool and Fitness Centre and the benefits of a new facility
- Informing and involving a broad range of citizens
- Supporting discussions with other levels of government regarding funding partnerships

The strategy is based on the City’s Engagement Framework and will be implemented through three phases.

For the initial phase, currently underway, the project team is engaging key stakeholders and the community in refining the technical design and site planning. The team received input from more than 26 organizations representing hundreds of citizens who use the pool regularly, and who live and work in the city. This input is helping to shape the interior and exterior design, as well as the future operations. The project team will continue to employ a variety of techniques to engage a broad audience. To-date this has included an updated website, workshops and interviews, and displays and information sharing at events across the city. The outreach efforts will continue over the coming months, with displays onsite at the facility and in the community, as well as online throughout the summer.

In the second phase, the team will keep citizens informed as the project is implemented. Specific communications and engagement techniques will be developed with input from the prior phase.

In the final phase, the City will engage citizens in the new facility, programs and services to ensure a broad awareness and understanding of what is available to them. This phase will begin in latter stages of the project.

3. Funding Partnerships and Opportunities

Following Council direction in February, several actions have been taken to further research potential funding opportunities, as well as to engage representatives of the Federal and Provincial Government on potential partnerships. Last month, Council approved the City’s first formal funding application for the project for \$6M from the Gas Tax Fund, administered by the Union of B.C. Municipalities (UBCM). A decision on this application is expected by Q1 2018.

Below is a list of meetings in recent months with stakeholders and representatives, to share information about the project and potential partnership opportunities;

- Meeting with senior staff in the B.C. Ministry of Community, Sport and Cultural Development
- Staff and Mayor discussions with local Member of Parliament
- Staff and Mayor discussions with local Members of Legislative Assembly

- Mayor discussions with senior federal government officials, including the Prime Minister and his staff, as well as staff of the Ministry of Infrastructure and Communities, and Ministry of Sport and Persons with Disabilities

Given the strong alignment between the Crystal Pool Project and objectives of recently announced funding programs, staff are encouraged by the potential for significant partnerships with other levels of government. The project team will continue to place a priority on research and preparations for upcoming grant applications.

Investing in Canada Plan

The most significant funding partnership opportunity identified to-date is the federal government's Investing in Canada Plan. The Government committed to building strong, inclusive and sustainable communities by increasing infrastructure funding over the next 12 years through the \$180-billion plan. This includes new funding for public transit, green infrastructure and social infrastructure. Social infrastructure includes project for recreation facilities like the Crystal Pool and Fitness Centre Replacement Project.

In Phase One, a bilateral agreement between the governments of Canada and British Columbia resulted in public transit funding with a cost-sharing formula of 40% federal contribution, 33% provincial contribution, and the remaining contribution from local government and other partners.

In Phase Two, announced earlier this year, the federal government committed \$21.9 billion in new investments over 11 years to support social infrastructure. At the end of this month, further details will be released including the amount of funding which will be available to each province. The federal and provincial governments are expected to begin discussions on updating the required bilateral agreements for this program shortly so that they may be completed by the fall or early 2018. Importantly, funding disbursements are expected to begin in April 2018.

The Government of British Columbia will be responsible for determining eligible Phase Two projects and administering the funding agreement. It is therefore critical for the City to continue to dialogue with local MLAs, the Ministry of Community, Sport and Cultural Development, as well as the federal Ministry of Infrastructure and Communities to ensure the City's infrastructure needs remain at the forefront of federal and provincial negotiations.

Other Potential Funding Programs

Staff are also exploring eligibility and process requirements for;

- Green Municipal Fund, administered via the Federation of Canadian Municipalities
- Programs relating to capital investment to improve physical accessibility

Referendum

In recent months staff have re-assessed the initial approach regarding the timing of external borrowing and associated referendum, which was discussed with Council on February 16, 2017. While external borrowing remains a potential part of the overall funding strategy, it may be possible to eliminate or significantly reduce the amount of external borrowing required, should applications for grant programs prove successful. The necessity to have a "shovel-ready" project in 2018 for the major infrastructure program highlighted above is a key consideration, which has informed the project schedule and tasks for the pre-construction phase. Following the initial grant decision in early 2018, the City will have a clearer understanding of the specific funding

requirements. If required a referendum on external borrowing may be accommodated with approximately three month's planning.

Next Steps

As noted above, the project team is actively progressing the necessary work to ensure the project is effective in reducing risk to the City, engaging with stakeholders, communicating with citizens and ultimately successful in achieving the primary goal: a quality public facility delivered within the allocated resources. Immediate actions for the coming months include; continued development of the facility design, procurement of project management, construction management, and design services; preparations for grant applications; as well as communications and engagement with citizens and stakeholders.

OPTIONS & IMPACTS

Accessibility Considerations

According to Recreation Integration Victoria, one in five residents are excluded from using the current facility due to its physical design. The new building will incorporate major physical and service enhancements to ensure the future building removes barriers to participation and is accessible for patrons of all ages, abilities and gender identification.

2017 – 2021 Strategic Plan

The Crystal Pool and Fitness Centre Replacement Project aligns with Objective 7: Facilitate social inclusion and community wellness, seek opportunities for accessible sports and fitness by children and adults.

Impacts to Financial Plan

City Council has dedicated \$10 million from capital reserves toward the project cost of \$69.4 million. The remainder will be acquired through a combination of external borrowing, which requires electoral approval, and other external funding opportunities.

Official Community Plan Consistency Statement

The Crystal Pool Replacement Project is consistent with the Official Community Plan (OCP) and helps to further the goals and broad objectives identified in Section 9: Parks and Recreation.

CONCLUSIONS

The Crystal Pool and Fitness Centre is an important public recreation facility, with a legacy of contributing to community health and wellness for nearly five decades. The Project team is focused on successfully delivering the new facility at the earliest possible opportunity, in order to provide a fully inclusive facility for current and future generations.

Respectfully submitted,

Nav Sidhu
Assistant Director
Parks, Recreation and Facilities

Thomas Soulliere
Director
Parks, Recreation and Facilities

Report accepted and recommended by the City Manager: _____

Date: _____

List of Attachments (if relevant)