

Memo



Date: August 19, 2009
File: 2240-20
To: City Manager
From: General Manager, Community Services
Subject: Kelowna Family Y Gym

Recommendation:

THAT Council approves, in principle, the provision of City funding toward the Kelowna Family Y expansion to a maximum amount of \$1.756M;

AND THAT Council direct staff to bring forward 2010 Budget submissions as outlined in the report of the General Manager of Community Services.

Background:

City Council has previously considered funding support of \$2M to the Kelowna Family Y's \$5M addition of a gymnasium and other facilities at the City's Athans Aquatic Center. City Council approved funding of \$250,000 in the 2009 Budget toward this project.

Further discussions have occurred with Y staff on their proposal. This facility was identified in the long range plan for the Rutland recreation complex and will provide a number of important services for residents of Rutland and the whole community. Costs have been further refined based on current construction prices, an electrical system upgrade for the entire Rutland recreation site triggered by this expansion, and sufficient funds to cover engineering and contingencies. The new cost based on a conceptual design of the facility is now \$5,150,542. It is anticipated that the costs would be shared on a 60/40 basis consistent with the first request.

On the basis of Council's initial support the Y has initiated a fund raising program for their approximate \$3M share. They have received very positive initial responses from the community. The Y has indicated that they require the commitment of the City's share of the funding to help in achieving commitments from other donors. They have also indicated that they have applied for federal funding through the RInC program and if successful, would allocate the requested \$1M on the same 60/40 overall basis, thereby reducing the City's required funding by \$400,000.

Based on these costs, the Financial Services Department has conducted a review to determine funding sources for this project. No additional funds are required in 2009, but assuming fund raising achieves the balance of Y's share over the course of this fall and winter, funds will be required in 2010. \$1,756,217 is required to achieve the City share. Funding would come from the following sources:

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- MFA Debt Reserve	\$500,000
- Major Facilities Reserve	\$700,000
- Major Facilities Reserve (* front ending)	\$306,217
- Taxation	\$250,000

- The front ending of \$306,217 from the Major Facilities Reserve indicates that this reserve would be replenished in 2011 from taxation to cover other projects proposed in the 10 Year Capital Plan. If a RInC Grant of \$1,000,000 is achieved these funds would reduce funding from Major Facilities Reserve by an equal amount.

As staff have previously indicated, this project is currently not funded within the 10 Year Capital Plan. This and other city RInC funded projects will significantly limit other projects in the Recreation area for the next 5 to 10 years. At particular risk in the 10 Year Capital Plan is a proposed additional ice rink which will have to be deferred for a number of years as well as Glenmore projects. The 2015 Canada Winter Games submission will also trigger additional financial needs if we are successful in that application.

If the Y is unsuccessful in raising their required funds, this could place the City at some risk to provide the funding in the future or provide a borrowing guarantee for this portion since the building will be owned by the City. This borrowing or borrowing for interim construction financing will trigger the need for an Alternative Approval Process or Referendum to satisfy Provincial requirements.

This project also triggers other expenditures to address capacity limitations:

- 1) The proposed expansion triggers the need to upgrade the electrical system serving the entire Rutland recreation site as it is currently at capacity. Total cost of system upgrades are estimated at approximately \$450,000 with those directly attributable to the Y's expansion at \$339,324. These costs have been added to the overall expansion project cost since they will be done at this time only because the project is occurring. The City will budget separately for the balance of \$110,676 in the 2010 Budget.

There are also expenditures required to address aging infrastructure.

- 2) Structural engineering analysis has identified that the existing roof over the natatorium may not have been designed and constructed properly and will likely need to be upgraded. Staff are investigating this matter further. The installation of the solar panels approved in the 2009 Budget is delayed pending the investigation and possible structural repairs. This cost is estimated at approximately \$200,000 and will be brought forward in the 2010 Provisional Budget for Council's consideration. Since this is an existing deficiency staff does not believe it is appropriate to require the Y to share in this cost.
- 3) The boilers serving the existing building are some 28 years old and are at the end of their service life. It would be appropriate to replace them while other improvements are underway. Budget cost for this replacement is also \$200,000 and will be included in the 2010 Provisional Budget for Council consideration. The boiler replacement is not as a result of the proposed expansion and therefore this cost should be borne by the City.

The plan is to proceed with detailed design in the near future with the already approved funding. This will firm up costs. The City's Design and Construction Department will oversee the selection of the consultants as well as the construction since it is a City facility.

INTERNAL CIRCULATION TO:

General Manager, Corporate Sustainability
Director, Strategic Planning
Director, Financial Services
Director, Design and Construction
Director, Infrastructure Planning and Asset Management
Director, Recreation and Culture
Director, Real Estate and Building Services
Manager, Building Services

FINANCIAL/BUDGETARY CONSIDERATIONS: As outlined in the report. This project would not proceed unless the Y either achieves sufficient fund raising and/or grants from other levels of government.

PERSONNEL IMPLICATIONS: Project may require the hiring of a project manager to handle this and other facility projects triggered by the grants. This position will be funded from these capital projects.

Considerations that were not applicable to this report:

Legal/Statutory Authority:

Legal/statutory Procedural Requirements:

Existing Policy:

Technical Requirements:

External Agency/Public Comments:

Communications Considerations:

Alternate Recommendation:

Submitted by:



J. Vos, General Manager, Community Services