



Committee of the Whole Report For the Meeting of June 13, 2024

To: Committee of the Whole **Date:** Jun 7, 2024
From: Derrick Newman, Acting Director of Parks, Recreation and Facilities
Subject: Crystal Pool Replacement Project – Feasibility Study

RECOMMENDATION

That Council direct staff to:

1. Proceed with Central Park North as the development site for the new Crystal Pool and Wellness Centre;
2. Bring forward a loan authorization bylaw to authorize the borrowing of up to \$179.2 million to develop the new Crystal Pool and Wellness Centre;
3. Initiate the process to hold a referendum to seek elector assent for the borrowing; and
4. Close the existing Crystal Pool facility at the start of the construction phase and implement interim recreation services at Crystal Garden until the new facility opens to the public.

EXECUTIVE SUMMARY

The Crystal Pool and Fitness Centre has been the focus of City attention at various points over the past two decades given the condition and outdated nature of the 50-year-old facility. In addition to the significant service gaps and obstacles to access for individuals living with disabilities, the building remains the City's largest emitter of greenhouse gases. Over the past five years, the City has continued to invest in only the most critical repairs to maintain service, while awaiting a definitive long-term plan.

In February 2023, Council directed staff to identify three to four potential sites for the new Crystal Pool and Wellness Centre and prepare for a referendum to seek elector assent for the required long-term debt and gauge residents' opinion on a preferred location.

The City's design consultant, HCMA Architecture + Design (HCMA), assessed three potential sites: the existing pool site identified as Central Park North, the location of the current playground and sports courts noted as Central Park South, and the parking lot at 940 Caledonia Avenue. Each site was evaluated based on the associated complexity, project timeline and total project cost, as well as qualitative aspects.

The implications of maintaining operations at the existing Crystal Pool during construction were analyzed by Turnbull Construction Project Managers (TCPM). Their report highlighted significant risks and challenges, as detailed in the attached Multi-Site Construction Delivery Assessment¹.

¹ The Multi-Site Construction Delivery Assessment can be found on page #61 of Appendix 1.

Key conclusions:

1. The location of the existing facility in Central Park North is the most economical and efficient option, with a shorter construction timeline and reduced complexity and risk.
2. Closing the existing facility at the start of construction is projected to save approximately \$8.13-\$9.63 million and minimize risks. During construction, recreation programs can be offered at the Crystal Garden building to provide partial service continuity.
3. Allocating \$30 million from the City's Debt Reduction Reserve to the project would reduce the loan amount and lessen the impact on taxpayers.

Based on the analysis completed over the past several months, staff recommend proceeding with the Central Park North site for the new Crystal Pool and Wellness Centre. This would result in closing the existing facility at the start of construction. Although the aquatic programs would be unavailable, staff propose offering recreation services at Crystal Garden during the 3.5-year construction period. Should Council support this recommendation, staff would prepare a loan authorization bylaw for borrowing up to \$179.2 million to complete the project on this site. Following approval from the Province, the City would plan a referendum, whereby voters will be asked to respond "yes" or "no" on the question of the City's request to borrow the necessary funds to develop the new facility.

PURPOSE

This report responds to Council direction from February 2023 and summarizes the Crystal Pool and Wellness Centre Feasibility Study. It includes a comparative analysis of the three potential sites and development options. The report seeks Council's direction on the preferred site option, borrowing amount to complete the project, service continuity option and the voter assent process.

BACKGROUND

The Crystal Pool and Fitness Centre, built in 1971, was originally constructed for aquatic activities and housed the only 50-metre competition pool in Greater Victoria. Over the years, the dry floor spaces were repurposed to accommodate weight training and fitness activities, while the pool area was modified to include additional features.

A previous feasibility study on the future of Crystal Pool was completed in 2017. This report outlined the options and implications for three potential directions: renovation of the existing facility, renovation and expansion of the existing facility, and replacement of the facility. Based on this information Council approved a \$69.4 million project budget to replace the aging facility with a modern recreation centre. As the project advanced through schematic design, a functional program was developed through extensive public engagement. This program envisions a fully accessible, inclusive and energy-efficient building with multiple pool tanks, expanded fitness areas and multipurpose rooms, designed to accommodate 35% more visits than the existing facility.

In June 2019, Council directed staff to develop a new plan revisiting the project objectives, scope and timeline. This new direction included adding an equity lens to the design and amenities, ensuring no net loss of greenspace, and extending the project schedule. The project was subsequently put on hold in early 2020 due to the impacts of the COVID-19 pandemic.

In February 2023², Council directed staff to revive the planning and budgeting process for a new recreation and aquatic centre, and to organize a referendum including a question seeking authorization to the borrow the necessary funds for the project and a non-binding question on the

² Additional details of the Council direction are available in Appendix 1 - Feasibility Study, on page 13.

preferred location for the future facility. Staff were instructed to identify two to four potential sites on City-owned land within or adjacent to the North Park neighbourhood. In addition, Council's direction included providing voters with a clear understanding of potential costs, features and impacts while considering climate, equity, accessibility and impacts to employees. Additionally, staff were instructed to seek funding from other levels of government to offset capital costs.

In March 2023, Council approved a \$1,778,000 budget for the feasibility study and costs associated with holding a referendum. Staff reassembled the project team, including HCMA as prime consultants and TCPM as the project management consultant.

Program and Design

Regardless of the selected site, the design of the new facility reflects the functional program and amenities informed by extensive stakeholder engagement and supported previously by Council. These features include:

- An 8,600 square metre building that is energy efficient, accessible, welcoming and accommodates a wide range of uses.
- An aquatic program and amenities featuring a 50-metre main pool tank with movable bulkhead, a leisure pool, shallow play area and 25-metre warm water lanes, two hot pools, a steam room, a sauna, a wet room for aquatic training and events, and an outdoor patio.
- A dryland program and amenities with four to five multi-purpose rooms accommodating a variety of activities, a fitness studio and a gymnasium.
- Approximately 100 vehicle parking and bicycle spaces.

The new facility will significantly reduce the City's GHG emissions, aligning with the Climate Leadership Plan targets, and serve the long-term wellness needs of the population. Additionally, the facility will support City goals related to natural asset management, stormwater management, and mobility by incorporating sustainable features and systems, along with an efficient underground parking design to preserve green space.

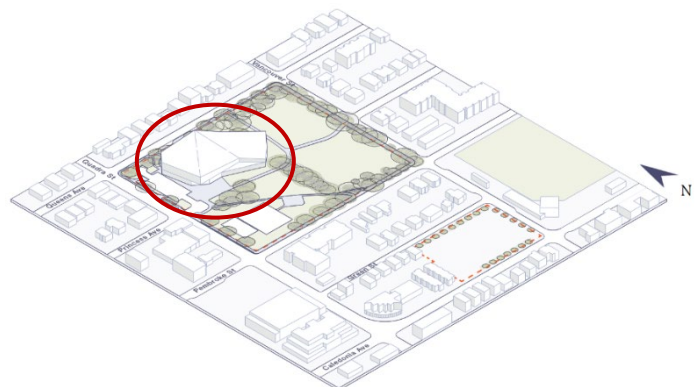
ISSUES & ANALYSIS

Site Options

The Feasibility Study, attached to this report, evaluated three potential locations to accommodate the new facility: the existing pool site at Central Park North, Central Park South, and the parking lot at 940 Caledonia Avenue. Each site presents opportunities and challenges which are outlined in detail within the Study.

Central Park North

The location of the existing Crystal Pool facility in the northwest area of Central Park presents a viable option. This option would utilize much of the existing building footprint, with underground parking on the western edge along Quadra Street.



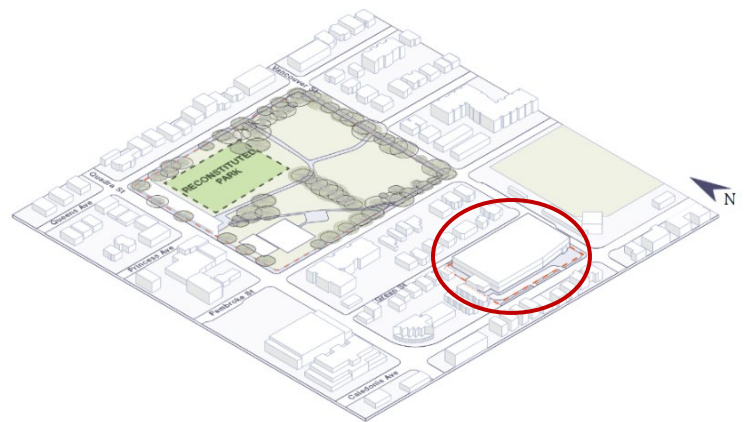
Central Park South



This option would result in a new facility in the southwest area of the park, currently occupied by sports courts and a playground. Underground parking will be constructed after the new facility opens and the existing facility is demolished. It will be located beneath the existing parking on the western edge of Quadra Street.

Caledonia

The site at 940 Caledonia Avenue is the smallest site, requiring building up to the lot lines and neighboring properties. Due to site constraints, two stories of underground parking are required.



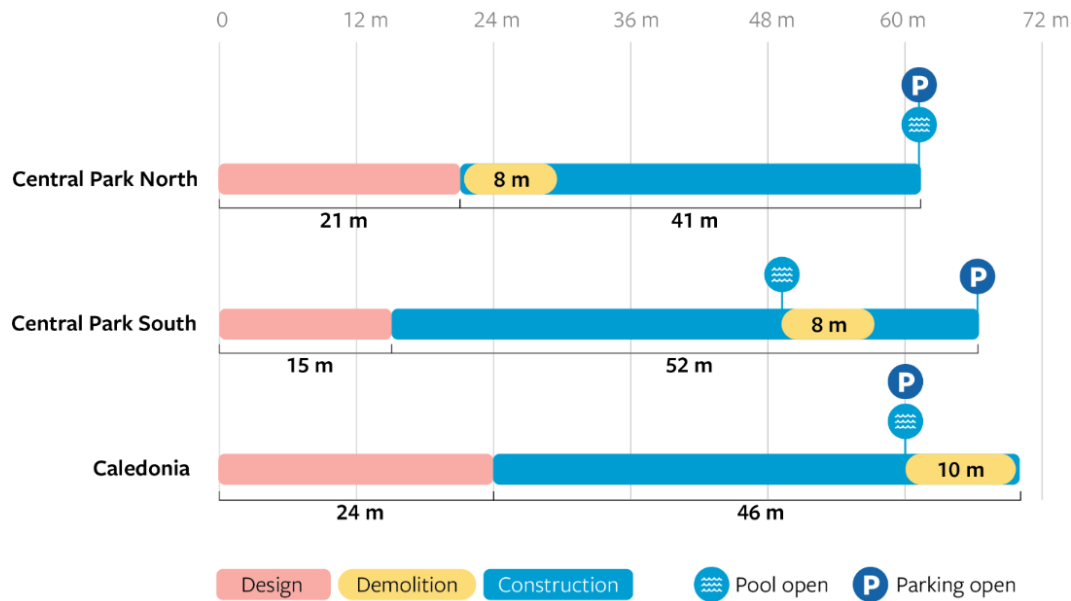
Project Duration

Minimizing the overall duration of the project has significant benefits. Reducing the length of construction will reduce impacts on the neighbouring community resulting from noise, movement of materials and other construction-related activities. Shorter project timelines also minimize project risks by managing cost escalation due to inflation and disruption to global supply chains. The project team worked collaboratively to consider the construction logistics for each site option and develop the most effective timelines possible.

The project duration for each option provided below in Figure 1 show the various phases of the project and their relative duration in months. The phases identified include design, demolition of the existing facility and construction of the new facility. The order of these phases differs between the options due to the location of the new facility. This, in turn, impacts when the new facility will open to the public and when access to parking and other amenities will be available.

The project timelines were developed assuming service continuity at the existing facility during construction for the Central Park South and Caledonia options.

Figure 1: Project Duration



Site Comparison

Each proposed site has been evaluated using quantitative and qualitative measures to assess their respective advantages and drawbacks.

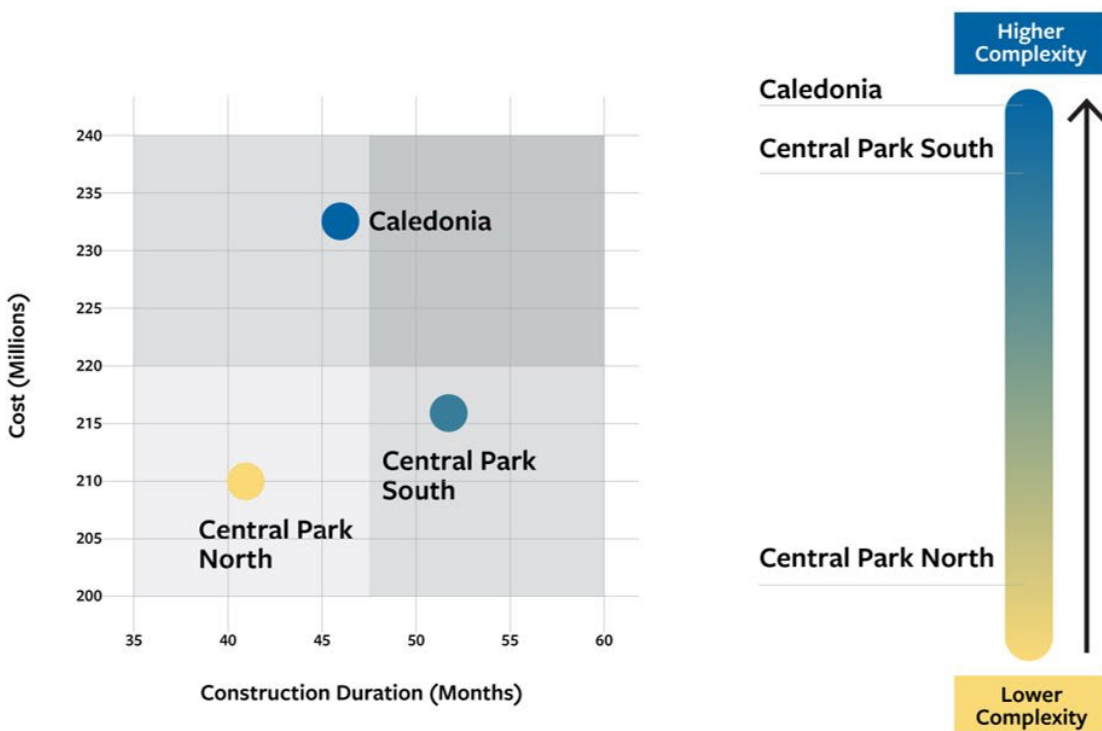
Based on the examination of all site options, the Caledonia site is noted as the least preferred due to a low qualitative assessment score, the longest project timeline and the highest project budget.

While both Central Park options are qualitatively similar, Central Park North requires the existing facility to close during construction. While the existing facility could remain operational for the Central Park South option, maintaining service continuity during construction increases the overall complexity and risks.

Considering the various factors assessed by the project team, the Central Park North option ranks highest, as it is the most economical, fastest, and least complex to build. This option offers the City the best opportunity to effectively mitigate risks, including additional costs. In contrast, the Central Park South and Caledonia options, while viable, contain additional logistical challenges and higher costs due to their site-specific constraints.

The graphic below compares the quantitative metrics of the three site options.

Figure 2: Multi-Criteria Assessment



Recreation Services During Construction

To better understand the implications of construction on the existing facility, services, and local community, the project team received assistance from external consultants and sought feedback from other cities on recent experiences.

A Multi-Site Construction Delivery Assessment led by TCPM evaluated various service continuity scenarios considering the associated risks and financial impacts. This evaluation was informed by a Facility Condition Assessment on the existing building, conducted by Evoke Engineering.

Lessons shared by representatives from other municipalities underscore the high risks associated with maintaining an aging facility during construction. The TCPM assessment highlights the potential for catastrophic failures like those experienced by the City of New Westminster during the replacement of their aquatic centre. Based on the analysis, TCPM has recommended the City consider closing the existing facility at the start of construction to avoid escalated costs and potential unplanned or emergency service disruptions.

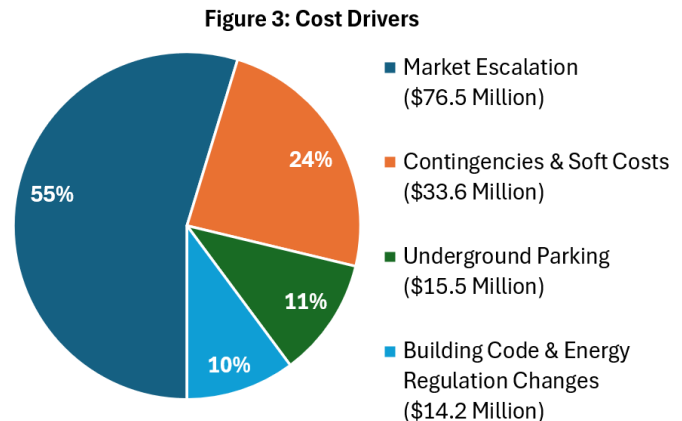
Recognizing the obvious impacts of a loss of service continuity to patrons, staff have explored the potential to maintain partial service delivery on a temporary basis at the City’s Crystal Garden on Douglas Street. This location could be setup to provide community recreation programs from the start of construction until the new facility is open.

A draft plan has been developed to transition dryland recreation programs currently offered at Crystal Pool. The investment associated with relocating to Crystal Garden would include a one-time capital budget of \$750,000 to make specific building improvements.

Closing the existing facility during construction and adding an interim service is estimated to result in a net financial benefit of \$5.53 million in operating costs over 3.5 years. Alternatively, keeping the existing facility operational until the new building opens would require an additional \$2.6 to \$4.1 million for immediate upgrades and potential major system repairs. This option would forego the operational savings associated with the Crystal Garden program, resulting in a combined (capital and operating) financial impact of between \$8.13 and \$9.63 million.

Budget Cost Drivers

The cost of delivering this infrastructure project has increased substantially since the previous project budget was developed in 2017. Four main factors have led to a major increase in costs, detailed in Figure 3: market escalation, contingencies and soft costs, underground parking, and changes to the building code and energy regulations. The cost escalation aligns with trends seen in similar projects across the country.



Following the COVID-19 pandemic, all construction market sectors faced significant disruptions. The largest impact on the project budget is due to unprecedented cost increases in construction costs attributed to skilled labour shortages, rising labour rates, material availability, and interest rate pressures.

The project team was supported by professional quantity surveyors who completed an analysis of construction escalation with input from the design team, including HCMA and TCPM. All the consultants have decades of experience in recreation and aquatic facility construction.

Total Project Budget

The Total Project Budget accounts for all design, construction, equipment, and commissioning cost estimates. These costs are consistent across all options, reflecting general uniformity in amenities, features and gross building area. Additionally, the budget includes an allowance for construction market escalation to mitigate the impacts of inflation and anticipated market increases.

As part of a comprehensive risk management strategy, the Total Project Budget was developed in collaboration with two quantity surveyors and cost management firms: LEC Group and Advicas Group. Both firms are based locally and have extensive experience in the construction industry across British Columbia. Furthermore, oversight of the budget development process was provided by TCPM. Despite the expertise and rigorous efforts, cost certainty will only be achieved once the design is complete, the work has been tendered, and construction contracts are secured.

The Total Project Budget required to construct the new Crystal Pool and Wellness Centre at the three proposed sites is summarized below in Table 1. Opting for closure of the existing facility during construction would decrease the Total Project Budget by \$4.1 million for Central Park South, and by \$2.6 million for the Caledonia option.

Table 1: Total Project Budget Summary (millions)

Project Component	Central Park North	Central Park South	Caledonia
Total Project Budget	\$209.2 ¹	\$215.9 ²	\$232.9 ²
Funding from the Debt Reduction Reserve	-\$30.0	-\$30.0	-\$30.0
Net Cost Funded by Debt	\$179.2	\$185.9	\$202.9
¹ Includes the budget to transition partial service continuity to the Crystal Garden building during construction.			
² Includes the budget to maintain service continuity at the existing facility during construction.			

Property Tax Implications

A thorough financial analysis has been conducted to evaluate multiple borrowing scenarios for each proposed site for the new Crystal Pool, outlined in Appendix 2. As part of the proposed funding strategy, the City would utilize \$30 million from the Debt Reduction Reserve to mitigate the impact on property taxes. The financial strategy anticipates property tax increases over four to five consecutive years, depending on the chosen site.

The Central Park North option will result in the lowest property tax impact. The operating savings from the early facility closure would be utilized to phase in the required tax increases over five years. Once the new building is open, the average residence would pay a total tax of \$256 per year for 20 years and the typical business would pay \$660 per year.

Borrowing Authorization Process

Municipalities in British Columbia must receive voter approval to borrow funds for capital infrastructure projects that exceed certain thresholds. This ensures transparency and community support for significant financial commitments that impact taxpayers. The primary methods for obtaining this approval are the alternative approval process (AAP) and the referendum process. In both instances, the municipality must provide public notice of the borrowing intent, purpose and maximum amount, and publish this information in local media.

The AAP is designed to be more expedient and cost-effective. Residents have a period, typically 30 days, to submit Elector Response Forms (ERFs) if they oppose the borrowing. If at least 10% of eligible voters submit ERFs, the AAP is deemed unsuccessful, and the municipality cannot proceed. If fewer than 10% submit ERFs, the municipality is authorized to proceed with the borrowing.

The AAP process is estimated to cost approximately \$100,000, and it only allows for a yes/no response; therefore, gauging public input on the preferred site option is not viable under the AAP process.

The municipality can also pursue a referendum, a direct vote by the electorate on the borrowing proposal. This requires Council to pass a resolution to hold the referendum, and the City must provide public notice detailing the proposal, amount to be borrowed and voting date. All eligible

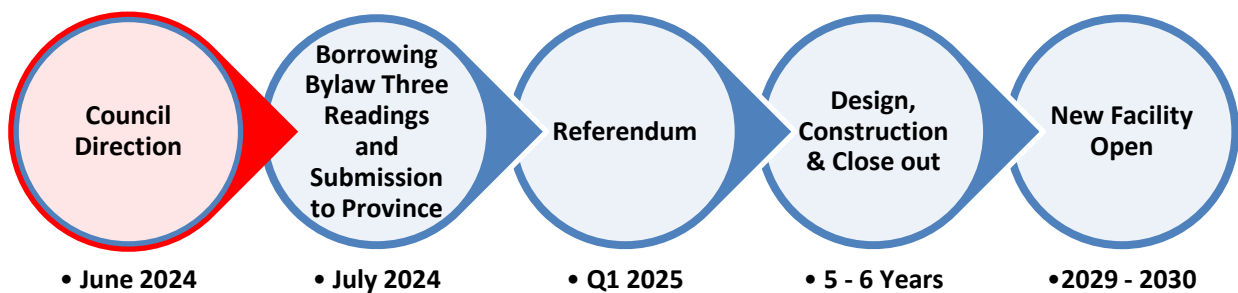
voters can participate, and a simple majority (50% + 1) is required for approval. If the majority votes in favour, the municipality can proceed with borrowing.

The referendum process is estimated to cost approximately \$600,000, and it would also allow for a question gauging public opinion on the preferred site option.

The AAP and referendum options each require a communications and advertising budget of approximately \$90,000 which has been incorporated into these estimates.

Timeline

The project timeline below illustrates the current schedule, milestones, and future phases of the project. If alternative direction is provided by Council, this timeline will need to be updated accordingly.



OPTIONS & IMPACTS

The options have been categorized into four groups for Council's consideration. Council may choose to select any combination of these options or provide staff with alternative instructions. The associated impacts for each option are noted in the Analysis section above.

A. Borrowing Authorization Process Options:

1. **Execute a referendum to authorize borrowing the necessary funds to develop the new facility. (Recommended)**
2. Execute an Alternative Approval Process to authorize borrowing the necessary funds to develop the new facility.
3. Execute a referendum opinion question to obtain public opinion on a preferred site option.

B. Site Options and Borrowing Amounts:

1. **Central Park North: \$179.2 million (Recommended)**
2. Central Park South: \$185.9 million
3. Caledonia: \$202.9 million

It is important to note that if the referendum includes a question regarding potential sites, the borrowing amount must be the largest of the options. For example, if all three sites are included, the amount requested to be borrowed must align with the Caledonia option as it is the highest. This is to ensure that if the Caledonia site is determined to be the preferred option, the City will have authorization to borrow the funds necessary to complete the project at this location.

C. Service Continuity Options:

- 1. Close the facility at the start of the construction phase. (Recommended)**
- 2. Implement an interim recreation program at Crystal Garden until the new facility opens. (Recommended)**
3. Maintain service continuity at the existing Crystal Pool until the new facility is open (at an additional cost of \$2.6 million at the Caledonia site, or \$4.1 million at the Central Park South Site).

D. Other Options:

1. Refer back to staff with alternative direction.

Accessibility Impact Statement

This project supports the Accessibility Framework's goals to "provide all residents and visitors with equitable access to municipal programs and services" and to "systematically remove and prevent barriers in City-owned buildings and facilities." A primary goal of the new facility design is accessibility for all, pursuing the Rick Hansen Foundation's Accessibility Certification.

2023 – 2026 Strategic Plan

Replacement of the Crystal Pool is an identified priority in the Strategic Plan.

Impacts to Financial Plan

The approved \$1,778,000 budget for the Feasibility Study phase of the project is included in the 2024 Financial Plan, with a remaining balance of \$1,096,800. Once council provides clear direction, the necessary resources for project management and design services to continue the work will be determined and included in the 2025 Financial Plan. Additionally, any changes to the ongoing operating costs associated with the new facility will be included in future financial plans once the facility is complete.

The project team is exploring funding from other levels of government, including eligible grants. Once key decisions are made relating to the project, we will be able to submit formal grant applications.

Official Community Plan Consistency Statement

Replacement of the Crystal Pool is consistent with the following objectives and goals outlined in the City's Official Community Plan:

- 9.15 Seek innovative options and mechanisms to upgrade and provide new sports and recreation, equipment, infrastructure and facilities, including for the Crystal Pool and Fitness Centre...
- 14.7 Support innovation and reinvestment in community assets that attract investment and support economic activity, and that address barriers to economic performance, including, (...) arts, culture and recreation facilities, (...)
- 21.20.1 Renew citywide recreational facilities at Crystal Pool ... and explore opportunities for diverse public uses.

CONCLUSIONS

The replacement of Crystal Pool and Wellness Centre is one of the largest and most complex projects the City has contemplated. The comprehensive technical analysis has identified Central Park North as the preferred site as it is the lowest-cost option with the lowest associated risks. While still viable options, the Central Park South and 940 Caledonia Avenue sites present more complex logistical challenges with higher costs, due to unique constraints and increased risks.

Respectfully submitted,

Trish Piwowar
Manager of Facility Development

Derrick Newman
Acting Director of Parks, Recreation and Facilities

Report accepted and recommended by the City Manager.

List of Appendices:

Appendix 1 – Feasibility Study Report
Appendix 2 – Financial Summary