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CITY OF VANCOUVER

ADMINISTRATIVE REPORT

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Author: Ian Smith/Ken Bayne
Phone No.: 604.871.6857
RTS No.: 06820
VanRIMS No.: 11-2000-14
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TO: Vancouver City Council

FROM: Project Manager, Southeast False Creek and Olympic Village; and the Director of Finance.

SUBJECT: Update Southeast False Creek Community Centre: Design and Budget

RECOMMENDATION

THAT Council authorize the City Manager and Project Manager, Southeast False Creek and Olympic Village Development to proceed with design, tendering and construction of the new civic facility on Parcel 11 of Sub Area 2A, generally as outlined in this report, at a cost estimated to be \$29.0 million; source of funding to be:

- \$19.41 million from the Property Endowment Fund as a community amenity contribution related to its development of the City lands;
- \$5.64 million for the childcare component from city-wide and area specific development cost levies as specified in the SEFC Financial Plan and Strategy;
- \$3.95 million as interim financing from the Capital Financing Fund to be recovered through the market lease of the proposed commercial/restaurant space following the 2010 Games.

CITY MANAGER'S COMMENTS

The City Manager notes that the civic facility to be constructed on Parcel 11 in Southeast False Creek will become a landmark facility in the City, joining other developments like Sunset Community Centre, #1 Kingsway, the new Hillcrest Centre and the Killarney and Trout Lake Ice Rinks. In terms of its prominent location on this important waterfront site, its

architectural excellence and its high standards of sustainability, this will be a facility that Vancouver can be proud of.

This iconic civic facility comes at a cost that is higher than originally anticipated, the result of design considerations, significant inflation in construction costs, site specific requirements for underground parking and scope increases related to the high environmental standards being pursued in this building. At \$18.4 million, excluding the on-water facilities of the boating centre, this will be the most expensive community centre the City has constructed - over 35% more than Sunset and 1 Kingsway. At \$82,000 per childcare space - 35% more expensive than similar spaces at 1 Kingsway - the City will not be in a position manage the requests for childcare funding from outside organizations or meet the childcare requirements that have been identified on a City-wide basis. The City Manager is concerned that, given the demands on the capital expenditure program for both maintenance and replacement of City facilities, this standard is not sustainable in the long run.

Despite these concerns, the City Manager supports proceeding with the proposed facility although with a clear understanding that it does not represent a precedent for other civic facilities in the future. The PEF will fund the increased cost of the community and boating centre as anticipated in the SEFC Financial Plan using contingency funding in its pro forma to maintain Council's overall financial objectives for the development. The childcare component will draw more than one third of the funding anticipated to be available for childcare and this may require that Council access other funding sources to complete the childcare commitment in the ODP area to complete the program. The commercial/restaurant space was not anticipated in the Financial Plan and is being proposed on a market basis reflecting the anticipated opportunity for a public/private partnership for this space that will provide a return.

While Council should be concerned about the costs associated with this facility, the City Manager is of the view that the Financial Plan will support the increases over the development period and that the project as proposed should proceed. The City Manager therefore RECOMMENDS approval of the foregoing.

COUNCIL POLICY

Council has approved the Southeast False Creek Financial Plan and Strategy which supports the redevelopment of the SEFC ODP area by identifying funding sources for a variety of public infrastructure and amenities to be developed in the neighbourhood.

PURPOSE

The purpose of this report is to update Council on the design development of the Southeast False Creek (SEFC) Community Centre and the cost estimates for this facility and to amend approval for interim financing for development of 6,000 square feet of restaurant/commercial space in the facility.

BACKGROUND

The Southeast False Creek Official Development Plan approved by Council on February 1, 2005 included the development of a 30,000 sq. ft. community and non-motorized boating centre as part of the phase 1 development of the City Lands.

On June 06, 2006 Council approved the recommendation of the Directors of Current Planning, Director of Financial Planning and Treasury and Director of the Housing Centre related to a revised public benefits strategy and a compatible housing strategy for the SEFC ODP area. This strategy updated the costs associated with the public amenity package envisioned in the ODP and proposed a mechanism for sharing the costs of this amenity package between the PEF and the adjacent private property owners within the ODP area. That strategy anticipated that the Property Endowment Fund would fund the proposed community centre as a community amenity contribution (cost estimated at \$13.5 million) and that the associated childcare centre would be funded from city-wide and area specific DCLs generated from development in the ODP area.

On December 12, 2006, Council approved development of an integrated 45,500 square foot civic facility on Parcel 11 of Area 2A to include a 30,000 square foot community centre, a 69-space childcare and 6,000 square feet of commercial/restaurant space and one level of underground parking. Council also approved the selection of an architectural team of Walter Francl Architecture Inc., Nick Milkovich Architects Inc., and Arthur Erickson Architects Inc to design the facility. A target of LEED Platinum was set for superior building performance.

Under the development agreement for sub area 2A, the new centre will be built by Millennium SEFC Properties, City's development partner for the Olympic Village. The Southeast False Creek and Olympic Village Project Office, is to act as the client, with the Park Board taking on day-to-day project management duties on behalf of the Project Office.

DISCUSSION

Recognizing the prominence and importance of the site, a great deal of effort was put into the design process to bring forward a building which would not only support its function, but will complement its prominent waterfront setting. To the residential neighbours across the street, the building presents a low profile with a variety of surface treatments including green walls and lots of glass offering views into the life of the community centre. On the waterfront and adjacent to the seawalls paths for cyclists and pedestrians, the building encloses in a graceful sweep a courtyard for multiple outdoor programming. The design of the building received a very positive response and unanimous approval from the Urban Design Panel on April 11, 2007. A similar response was received from the Development Permit Board, with its approval on June 4, 2007.

Facility Design:

The proposed facility (see Appendix A) includes a typical community centre program with a full-size gym, games room, arts and crafts room, three multi-purpose rooms, aerobics studio and fitness centre, over 30,000 square feet on two floors.

The non motorized boating centre is fully integrated in the facility. There are spaces intended specifically for boaters: a lecture and a meeting room, office space, wash- and

change rooms as well as boat and gear storage. These boating spaces are intended to be programmed through the community centre when not needed for boaters. It is expected that boaters will also take advantage of the general spaces like fitness centre and aerobics studio.

Most boating activity will be centered on the floating dock (see Appendix B). The conceptual design of the dock has been developed with a group of boaters representing diverse interests. The intention is to provide programs for canoeing/kayaking for beginners and advanced, for dragon boating, and for rowing, the latter possibly as a learn-to-row program. As in other Park Board boating facilities, the Park Board will likely seek programming partners for the delivery of these programs once the facility becomes operational in 2010. The dock has not been part of the community centre permit process, as it will require a separate approval from the Burrard Environmental Review Committee (BERC). This process will commence soon with public review and the finalization of the design prior to the submission to BERC. This will hopefully allow for the boating centre to become operational at the same time as the community centre.

On the third level above the community centre is a 69-space childcare and adjacent outdoor play space designed in accordance with City guidelines.

At the west end of the facility overlooking both the waterfront, expanded inlet and civic square area there is 6,000 square feet of segregated commercial/ restaurant space over two floors. Both City and Park Board staff believe there is significant potential for a viable commercial development in this attractive space.

The facility will have one level of underground parking to be shared by all uses, intended to be operated as a public pay parking.

LEED Platinum certification

The facility is intended to achieve LEED Platinum, the highest rating in the *Leadership in Energy and Environmental Design (LEED) Green Building Rating System™* which is the widely accepted benchmark for the design, construction, and operation of high performance green buildings.

To achieve this level of performance in a cost sensitive way, a fully integrated design process has been employed, with architects, engineers, contractors, client and representation for end users all involved in moving the design forward. Passive design has been the key, with simple, non-technical solutions. Increased costs in some areas, for example the envelope have been off-set by down-sizing the mechanical specs. This coupled with the normal project value engineering have brought this facility in at an estimated cost within normal market increase of the preliminary estimate. The final cost of LEED Platinum will not be determined until all the design and cost estimation process is finalized, but overall it has not added a significant premium. These design elements are expected to result in substantial reduction in energy and lifecycle operating costs.

Highlights of the sustainable performance of this facility include harvesting all rainwater for irrigation and toilet flushing, excellent energy performance, using solar power to provide for radiant cooling and extensive green roofs.

Public Process

The proposed facility was a subject of public open houses at the Vancouver Public Library on April 12 and at the False Creek Community Centre on April 14, 2007. Public interest was vigorous. The library open house attracted a large degree of casual interest from walkers-by, while the open house at the community centre had more focused attendance from people who had seen the newspaper ads and were interested as local residents or as boaters. In discussions with staff, people expressed their support for the concept of the facility, in particular for the focus on recreational, human-powered boating. There was a balance of people wanting the dock to be larger in order to accommodate more boating activity or wanting it to be smaller in order to decrease water view impacts.

FINANCIAL IMPLICATIONS Project Costs and Funding

The SEFC Civic Centre will become an important civic facility. The securing of a separate site (Parcel 11) and the integration of both the childcare and commercial/restaurant space into the community centre has created opportunities but has expanded the original concept for a SEFC community centre. Moreover, the proposed facility is being launched into a difficult construction environment characterized by significant cost inflation.

An initial estimate for this facility was developed in November 2006 at \$27 million. This estimate was refined during the design phase with the assistance of a quantity surveyor. Based on the design submitted at the Development Permit stage, the cost estimate had risen to \$32 million, including soft costs, construction, fit-out and contingencies. Staff and the consultant team then conducted a value-engineering process to identify potential costs reductions and achieved a 10% reduction leading to the current estimate of \$29 million as follows:

Community Centre / Boating Centre

\$19.41 million

The SEFC Financial Plan identified \$13.5 million for the community centre based on experience at the new Sunset Community Centre and #1 Kingsway. A nominal provision for underground parking was included. The current estimate, including soft costs and a provision for cost inflation through the construction period is \$18.4 million. In addition, a provision of \$1.0 million has been provided for the on-water facilities of the non motorized boating centre.

The community/boating centre component will be funded by the Property Endowment Fund as a community amenity contribution related to the development of its development sites in Southeast False Creek. As noted the current cost estimate requiring additional funding of approximately \$6.0 million, will impact negatively on the PEF Pro Forma.

Childcare

\$5.64 million

The SEFC Financial Plan anticipates that city wide and area specific development cost levies would provide \$15.0 million to fund three 69 space childcare facilities within the ODP area. The first of these facilities is anticipated to cost \$5.64 million.

The childcare is to be funded by city-wide and area specific development cost levies on development within the Southeast False Creek ODP area with interim financing as necessary on terms acceptable to the Director of Finance.

Commercial/Restaurant Space

\$3.95 million

The Financial Plan did not contemplate development of the commercial space in an integrated way with the community centre. However, staff believe that this space offers a promising market opportunity.

In December 2006, Council approved development of this space as part of the civic facility with project financing provided by the PEF. This investment was to be recovered through a market lease opportunity. However, Park Board staff have expressed an interest in controlling this space as part of the Board's restaurant portfolio and are currently developing a business case for a restaurant use with the possibility of a public private partnership arrangement. As a result, it is unlikely that this space will remain in the PEF and the Director of Finance proposes to finance the construction from the Capital Financing Fund, with repayment from the eventual market lease.

Staff and consultant team are committed to an ongoing process to manage project costs. As the design for the building is completed and tendering begun, the team will continue to identify ways to reduce costs while preserving the functional viability and sustainable performance of the facility. It should be noted that project management costs for the facility are now fixed, however, design is not complete and construction tenders have not been let. As a result, a number of cost items remain uncertain and are included in the project budget as conservative allowances in addition to a 9% contingency. Further cost estimates will be commissioned at later stages in the project development with any variances reported to Council as the project proceeds.

Ongoing Operating Costs

The new civic facility will be incremental to the City's current operations and will result in additional costs being added to the Operating Budget beginning in 2010.

- Park Board anticipates gross operating costs for the new community centre, including salaries of programming and maintenance staff, utilities and materials, to be approximately \$635,000 per year.
- Staff have not anticipated ongoing operating costs related to the childcare for which the City will seek an operator to be in place as the community becomes populated following the Games;
- Ongoing building maintenance costs are estimated to be in the range of \$100,000 to \$150,000 annually.

CONCLUSION

Design of the new civic facility in Southeast False Creek is continuing and Council approval is sought for an overall project development budget of \$29 million. When completed this facility will become an important part of the SEFC neighbourhood offering a variety of

community recreation, childcare and commercial opportunities to residents and visitors. The cost of the facility has increased since the SEFC Financial Plan was approved, however, allocation of contingencies to this project should allow the pro forma to remain within Council's overall objectives.

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