

Date: September 15, 2006



**TO: Board Members – Vancouver Park Board**  
**FROM: General Manager – Parks and Recreation**  
**SUBJECT: Olympic Legacy Projects: Funding Options**

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## RECOMMENDATION

- A) THAT the Board endorse recommendations A through I as per the attached City Council report dated September 18, 2006.*
- B) THAT staff report back on a fundraising strategy with the Board's community partners to reduce the amount of bridge financing.*

## PURPOSE

The purpose of this report is to seek Board endorsement for a financing strategy to realize the Vancouver Olympic Centre complex, including its legacy conversion to a Community Centre, Community Ice Rink, Curling Club, Library and the adjacent Percy Norman Pool, as well as the replacement of the Killarney and Trout Lake rinks.

## BACKGROUND

As part of the 2010 Winter Olympic Games, the City of Vancouver, the Park Board and VANOC have agreed to build the Olympic Curling venue on Hillcrest Park and convert this building to a multipurpose community recreation complex. In addition, the 2006 – 2008 Capital Plan provides funding to rebuild the Percy Norman Pool. The most recent design has integrated the pool and the curling venue/legacy building into a single complex. Under the existing arrangement VANOC is to be responsible for funding and project management of the construction of the curling venue and its conversion post 2010.

## DISCUSSION

Cost escalation in the construction industry has significantly affected the various projects, and the attached Council Report describes the shortfall and the strategy to realize all the projects. The report also describes an amendment to the existing arrangement with VANOC, which will see the City assume responsibility for the post 2010 conversion in return for a \$10 million payment by VANOC to the City now.

Shortfall

The shortfall of the various projects as shown in the table is \$25,760,000.

|                                    | <b>Hillcrest Facility</b> |                        | <b>Ice Rinks</b>      |                        | <b>Total</b>            |
|------------------------------------|---------------------------|------------------------|-----------------------|------------------------|-------------------------|
|                                    | <b>Legacy Facility</b>    | <b>Aquatic Centre</b>  | <b>Killarney Rink</b> | <b>Trout Lake Rink</b> |                         |
| <b>Projected Costs<sup>1</sup></b> |                           |                        |                       |                        |                         |
| Construction                       | 36.8 million              | 29.96 million          | 14.0 million          | 12.5 million           |                         |
| Legacy Conversion                  | 12.35 million             | -                      | included              | included               |                         |
| <b>Total</b>                       | <b>\$49.15million</b>     | <b>\$29.96 million</b> | <b>\$14.0 million</b> | <b>\$12.5 million</b>  | <b>\$105.61 million</b> |
|                                    |                           |                        |                       |                        |                         |
| <b>Funding</b>                     |                           |                        |                       |                        |                         |
| VANOC                              | 38.0 million              | -                      | 2.5 million           | 2.5 million            | 43.0 million            |
| Income on Conversion Advance       | 2.35 million              |                        |                       |                        | 2.35 million            |
| City Capital Plan                  | -                         | 19.5 million           | 7.5 million           | 7.5 million            | 34.5 million            |
| <b>Total</b>                       | <b>\$40.35 million</b>    | <b>\$19.5 million</b>  | <b>\$10.0 million</b> | <b>\$10.0 million</b>  | <b>\$79.85 million</b>  |
|                                    |                           |                        |                       |                        |                         |
| <b>Funding Shortfall</b>           | <b>\$8.8 million</b>      | <b>\$10.46 million</b> | <b>\$4.0 million</b>  | <b>\$2.5 million</b>   | <b>\$25.76 million</b>  |

1. Shortfalls are based on current design and costs estimates taken to the mid-point of construction in 2008. Legacy Conversion costs are estimated to 2010.

City Contribution

The attached Council report recommends that the City contribute \$2,000,000 from its 2006-08 Capital Plan escalation fund and a further \$2,300,000 directed specifically at the creation of the Library component of the legacy facility.

Park Board Contribution

The Park Board's contribution of \$21.46 million is broken down as follows:

|   |                     |
|---|---------------------|
| LEED Gold Advance                                   | \$ 1,000,000        |
| Reallocation of 2006 – 2008 Park Board Capital Plan | \$ 2,000,000        |
| Bridge Financing – Pool                             | \$ 10,060,000       |
| Bridge Financing – Rinks                            | \$ 2,500,000        |
| Bridge Financing – Legacy                           | <u>\$ 5,900,000</u> |
|   | <b>\$21,460,000</b> |

### LEED Gold

All City facilities are built to be LEED Gold standard. VANOC's standard is Silver and in the case of the Hillcrest Complex, the premium to achieve GOLD is estimated to be \$1,000,000. This amount can be provided by the City of Vancouver as an advance to be repaid out of energy savings in the complex. The Park Board and Library Board would assume proportionate responsibility for this advance.

### Reallocations

The recommended reallocations within the Park Board Capital Plan are as follows:

|   |                  |
|---|------------------|
| Hillcrest Park Building Demolition and Field Relocation | \$1, 500,000     |
| Stanley Park Forest - (2003-2005)                       | \$100,000        |
| Community Centre Major Maintenance - (2006 – 2007)      | \$100,000        |
| Facilities General – 2007                               | \$100,000        |
| Fieldhouses – 2007                                      | \$ 50,000        |
| Painting – 2007   | \$ 75,000        |
| Roofs – 2006  | <u>\$ 75,000</u> |
|   | \$2,000,000      |

The \$1,500,000 from the Hillcrest Park Building Demolition and Field Relocation account represents those works that can be deferred until 2010 - 2011, when the legacy conversion is complete and the Hillcrest Curling Club and the Riley complex can be removed.

The other reallocations require some resetting of priorities within each of the budget areas, without significantly affecting the overall outcome of planned expenditures.

### Bridge Financing

The City's Finance Department has identified an opportunity for bridge financing in the amount of \$18,460,000. All of these funds may or may not be required to realize the project. Much depends on actual cost escalation, which is particularly difficult to forecast for the post 2010 period, when the legacy conversion would take place.

It is also possible that Community Associations and other funding partners may come forward to contribute to the projects, thus potentially reducing the need for bridge financing. The need for bridge financing could be further reduced by including these projects in the 2009 – 2011 Capital Plan. Staff recommend that the Board engage in a fundraising program with the partner Associations so that the extent of required bridge financing can be reduced.

Any outstanding balance of the bridge financing would need to be repaid by the Board post 2010. Post 2010, the Board would have some unencumbered revenue sources, since the existing loan for the golf course capital upgrades will have been retired at that time.

The Board could also consider contributing to repayment by way of surcharges on pool and rink users. Staff will report back on the details of the repayment strategy, but the essence at this time is that the Board's post 2010 repayment ability, permits the contemplated bridge financing to be repaid in an approximately 10 year time frame.

## **SUMMARY**

The attached Council Report offers a strategy to realize over \$105,000,000 worth of planned infrastructure renewal, with City of Vancouver/Park Board contributing 59 percent of the funding with the Federal and Provincial Governments through VANOC contributing 41 percent of the funds. The proposed funding package will accelerate the Board's infrastructure renewal plans by delivering

- 3 new ice rinks
- 1 new community centre
- 1 new leisure pool
- 1 new curling club

all of which are housed in buildings that are at the end of their lifecycle.

Prepared by:

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