



CITY OF VANCOUVER
ADMINISTRATIVE REPORT

Report Date: October 5, 2007
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TO: Vancouver City Council

FROM: General Manager of Parks and Recreation in consultation with the Director of Financial Planning and Treasury Services

SUBJECT: Trout Lake Ice Rink Replacement

RECOMMENDATION

- A. THAT Council approve an increase in the budget for the Trout Lake Ice Rink Replacement project of \$2.86 million (to a total \$15,940,000); source of funding to be:
- \$1.66 million from the VANOC contribution to the post-Olympic conversion of the Hillcrest Centre; and,
 - \$1.2 million from the 2006-2008 Park Board Capital Plan Renfrew Pool Change Room project.
- B. THAT Council encourage the Park Board to include sufficient funding in the Parks allocation from the 2009 - 2011 Capital Plan to realize the Renfrew Pool Change Room project.

GENERAL MANAGER'S COMMENTS

The General Manager of Parks and Recreation RECOMMENDS approval of A and B.

CITY MANAGER'S COMMENTS

The City Manager acknowledges that the current construction climate has increased the cost of the Trout Lake Ice Rink Replacement Project from \$10.5 million to the current \$15.9

million. Staff and the architectural team have undertaken extensive value engineering to keep costs down. In addition the report notes that the expectation of LEED gold certification for the rink component has been deferred until the new Trout Lake Community Centre is complete, reducing immediate costs. Along with the replacement of Killarney Rink and the new Hillcrest Centre, this project is one of the key legacies of the Olympic Games. There are many reasons to proceed. These facilities are slated for redevelopment in the next two capital plans. The public has supported these replacements as part of the Olympic program. Delays for redesign of the Trout Lake Rink may jeopardize the completion of this facility in time for the Olympics. Capital costs are unlikely to be lower in the future and VANOC funding will not be available if they are delayed.

However, the recommendation to proceed is made in the context of a difficult funding climate. The funding for all construction related projects is under pressure and staff are having to consider funding sources that have implications for the next capital plan. The City accepted responsibility for funding the conversion of the Hillcrest Centre after VANOC agreed to provide a maximum \$10 million contribution now toward a currently estimated \$12.35 million conversion in 2010. The replacement of Percy Norman Pool has already drawn down the VANOC contribution by \$1.9 million (plus foregone interest) and this additional reallocation will further reduce the amount available and require replacement funding to be allocated in the 2009 - 2011 Capital Plan. In addition, there will be a requirement for additional funding to complete the new branch library component of the building.

Both the City Manager and the Director of Finance have cautioned departments and Council that their expectations related to the next Capital Plan need to be kept in check. The planning process will begin shortly and that process will identify more clearly the requirements and financial limitations. In the meantime, the City Manager believes it is in the City's long term interest to complete Trout Lake Rink (and other Olympic venue projects) without significant changes to scope and therefore RECOMMENDS approval of A and B.

COUNCIL POLICY

Council approves the allocation of capital funds.

PURPOSE

This report seeks approval to increase the capital budget for the Trout Lake Rink Replacement Project by \$2.86 million (to a total of \$15.9 million).

BACKGROUND

As part of its commitment to the 2010 Games, the City has agreed to provide two practice ice rinks for use during the games through replacement of Killarney and Trout Lake Ice Rinks. VANOC is providing \$5.0 million toward these ice surfaces and the City is providing the balance of the funding through the 2006 - 2008 Capital Plan. The Killarney Rink Replacement is fully funded and redevelopment is underway.

In September 2006 Council and the Park Board approved a budget of \$12.83 million for the Trout Lake Rink Replacement Project, about \$2.0 million higher than had been anticipated in

the Capital Plan. The funding sources include: \$2.5 million from VANOC, \$7.5 million from the 2006-2008 Capital Plan; \$2.5 million by way of an advance from City Council to the Park Board (to be repaid out of cash flow post 2010 when the golf course loan has been retired); and \$330,000 from DCL revenues related to park development work adjacent to the building.

DISCUSSION

Cost escalation continues to affect the Trout Lake Rink Project. The consultant team (Walter Francl Architects) and the construction manager (Bird Construction) have been actively reviewing the design and specifications and numerous alterations have been made to reduce the construction costs. The best available estimate to date pegs construction costs at \$13,700,000. The construction market continues to be challenging, with some bids even exceeding the estimates of the most seasoned industry professionals. Aside from market conditions there are four site and design specific challenges to this project:

1. The rink project includes installation of new water, sewer, electrical and gas utilities sized large enough to service both the new rink and the future community centre.
2. Siting and height considerations relative to the park and the adjacent neighbours require the building to be set into the ground, resulting in a significant amount of excavation.
3. The iconic roof design and associated glazing, while creating the appropriate blending of the building with its park environment is associated with a cost premium over a flat roof.
4. The original concept was that the new rink would be designed to stand-alone LEED Gold standards, despite the fact it is only the first phase of the eventual full replacement of Trout Lake Community Centre Complex. The best way to achieve the LEED Gold certification is to capitalize on the synergies that will be available when the new Community Centre is added to the Rink. Therefore at this time the Rink is recommended to be built to the Silver standard, with the requirement for LEED Gold be achieved with the future addition of the new Community Centre. This change would be associated with a cost saving of about up to \$250,000, which is an assumption of the cost estimates provided below.

Following a value engineering process and the change listed in item 4 above, a revised budget for the project has been developed as follows:

Construction	\$13,700,000
Consultants	1,356,000
Permits	211,000
Contingency	500,000
Miscellaneous	<u>173,000</u>
	\$15,940,000

Funding committed to the project is as follows:

2006 - 2008 Capital Plan	\$7,500,000
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VANOC Capital Contribution	2,500,000
Capital Financing Fund Loan	2,500,000
DCL	330,000
Community Association	250,000
Current Funding	<u>\$13,080,000</u>

The current funding shortfall to complete the project as designed is \$2,860,000.

ALTERNATIVES/OPTIONS

In addition to the LEED certification proposal outlined above, staff have considered a number of alternatives to reduce the funding shortfall.

The cost of the project could be further reduced:

- Forego the skaters lounge portion of the building at this time resulting in a potential cost reduction in the order of \$400,000 and defer construction of this piece to a future date. While the new rink could operate by using the existing lounge, it would likely cast a pall of incompleteness over the project.
- Redesign the project to include a more or less flat roof. This would take some 3 to 4 months and would require a revised development permit. The timeline would likely compromise the Olympic deadline and a portion of the potential cost savings would be negated by continued cost escalation. The aesthetic result would negatively impact the park and the adjacent neighbourhood.

Staff do not recommend these approaches.

Deferring construction of the facility at this time is not an option since it compromises the City's legal obligations to VANOC to deliver this building in time for the Olympics. It is unlikely that post-Olympic construction be less expensive to the City as it would also reduce project funding by \$2.5 million since VANOC's contribution would no longer be available.

Staff have also considered the possibility of outside funding. Two opportunities beyond the contribution provided by the Trout Lake Community Association have been or are being pursued:

- an opportunity with one of the Olympic partners; and,
- an opportunity involving the wood industry and the use of Stanley Park lumber as the source for the glulam beams in the structure.

Neither of these opportunities have proceeded to the point where there is the promise of offsetting funding or cost savings. However, the tendering process for the building needs to proceed to ensure construction is completed before the 2010 Games. Should either of these alternative prove successful, staff will report back to the Board and Council as appropriate.

Completing the Trout Lake Rink Project as currently designed will require additional funding of \$2.86 million. The following funding sources are recommended:

1. Complete Design for Renfrew Pool Change Rooms but Defer Construction

The Board's 2006-2008 Capital Plan provides a \$1.4 million allocation for new change rooms at Renfrew Pool. These funds are scheduled to be included in the 2008 Capital Budget. Design would take most of 2008 and construction would start in 2009. Unfortunately the budgeted amount is now insufficient to complete the contemplated project as a result of construction market conditions and additional funding would have to be sought as a priority from the 2009-2011 Capital Plan to realize this project. Staff suggest that \$1.2 million be reallocated to the Trout Lake project. The design for the Renfrew change rooms would cost no more than \$200,000 and can take place as scheduled in 2008. On the assumption that funding for the Renfrew Pool can be provided in the next plan and allocated in the 2009 Capital Budget, construction could proceed in accordance with the original timetable and with an adequate amount of funding. Discussions have taken place with representatives of the Renfrew Community Centre Association and they are supportive of this concept.

2. Hillcrest Centre Conversion Fund

VANOC has provided a \$10 million contribution to the conversion of the Hillcrest Centre to its post Olympic configuration (Community Centre, Community Ice Rink, Curling facility and branch library) following the Games. With interest earned, the contribution was intended to fund the conversion cost estimated at \$12.35 million (2012). In April 2007, Council allocated \$1.9 million of this funding to a shortfall in the Percy Norman Pool replacement which is part of the Hillcrest development.

Allocating the balance of the necessary funding (\$1,660,000) from this fund will reduce the conversion funding available. In order for the building to be converted to its post Olympic configuration, additional funding will have to be provided from the 2009 - 2011 Capital Plan. Based on the last estimated conversion cost, between \$4.0 million and \$5.0 million will be necessary in addition to the cost of completing the branch library planned for the building. However, given the status of the current capital plan, staff are of the view that this is the most appropriate source of funds if Council wishes to proceed with the building as currently contemplated.

FINANCIAL IMPLICATIONS

The recommendations in this report to allocate an additional \$2.86 million to the Trout Lake Rink Replacement Project will mean the building can be completed as designed and in time for the 2010 Games. However the funding reallocations will have implications on the 2009 - 2011 Capital Plan because funding reallocations now will require future allocations if the projects are to proceed. Approximately \$4.5 million will be required to build the Hillcrest Centre Conversion Fund to the anticipated \$12.35 million conversion cost and in addition, completion of the library component will require a further allocation which is uncertain at this time.

These are not the only pressures that are building on the next Capital Plan. In supporting this recommendation, the Director of Finance is cautioning departments and Council that these requirements may limit the flexibility to approve desirable project and program funding in the 2009 to 2011 period. The process for planning the next Capital Plan will begin in the near future and that process will identify more clearly the requirements and financial limitations.

CONCLUSION

The project budget for the Trout Lake Rink Replacement has now been estimated to be \$15.94 million, some \$2.86 million more than available funding. A reallocation of Park Board funds and a reallocation of City funds are proposed to address this shortfall.

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