

PARKINSON RECREATION CENTRE OPTIONS FEASIBILITY STUDY

Council Work Shop - Monday, December 7, 2015



TODAY'S POINTS OF DISCUSSION

- ▶ Parkinson Re-development Feasibility Study
 - ▶ Background to the re-development
 - ▶ Design options
 - ▶ Capital cost estimates
 - ▶ Operational Implications
- ▶ Preferred Option
- ▶ Next Steps

QUALITY OF LIVES ARE IMPROVED BY SPORT AND RECREATION SERVICES

The facility investment strategy should positively affect the long-term vitality of the City and the well-being of those who live and work or visit and play in Kelowna.

DIRECTIONAL DEVELOPMENT PRINCIPLES

- ▶ Meet today's needs while planning for the future
- ▶ Act as the "one-stop recreation and sport destination" for as many City residents as possible
- ▶ Differentiation by maximizing accessibility
- ▶ Be a community hub through the implementation of the neighbourhood engagement model
- ▶ Leverage partnerships to elevate facility profile and maximize utilization
- ▶ Amplify public value through "big picture thinking" and remaining focused on the long term perspective

PARKINSON'S PHYSICAL CONDITION

- ▶ Facility is tired and dated
- ▶ Ad-hoc additions were built under different building codes, standards and construction methods
- ▶ Mechanical and electrical systems are at the end of their service life
- ▶ Age related inefficient building systems
- ▶ Building envelope is in poor condition – pool membrane and exterior cladding are significant issues
- ▶ Hazardous materials present

SPORT AND RECREATION INFRASTRUCTURE REPORT

- ▶ Established Kelowna's sport and recreation facility requirements to 2031, recommending:
 - ▶ responsible/cost effective development strategies
 - ▶ priorities for arenas, pools, community centres and turf fields
- ▶ Using criteria based on the City's vision, PRC was determined to be the top priority project

THE PRC FUNCTIONAL SPACE PROGRAM

- ▶ Reflect the principles of the Sport and Recreation Infrastructure Study
- ▶ Facility components responding to today's needs but planned for the future
 - ▶ facility types and sizes
 - ▶ maintain welcoming atmosphere
 - ▶ multi-purpose and integrated services
 - ▶ Parkinson campus as a destination
 - ▶ serve local interests and respond to regional needs
 - ▶ focus on wellness, active living and family fun

PARTNERSHIPS AT PRC

- ▶ Partnerships with School District 23; Pacific Sport; Tourism Kelowna; UBCO; Interior Health; Okanagan College; Sports Organizations; and others could lead to:
 - ▶ a centre of learning and innovation
 - ▶ support for LTAD and life long activity
 - ▶ sport tourism
 - ▶ a vehicle for transformational wellbeing
 - ▶ connect students to the community
 - ▶ satisfy significant pent up demand for gyms
 - ▶ outreach and community development

PROGRAM COMPONENTS

- ▶ Athletic components
 - ▶ gymnasium centre
 - ▶ fitness/wellness centre
- ▶ Aquatic centre
- ▶ Community program space
- ▶ Customer service and amenity space
- ▶ Administration space
- ▶ Operational support space

FUNCTIONAL SPACE PROGRAM

- ▶ To meet current and future needs the NSF of programmable area should increase from 41,512 sf. to 96,359 sf.
- ▶ Open, versatile spaces can be repurposed to new uses if participation profiles shift in the future
- ▶ A gross up factor will facilitate adequate functionality – social space, storage, circulation, etc.

THIS FEASIBILITY STUDY

- ▶ Develop options for rebuilding PRC based on the Functional Space Program

- ▶ Determine the highest value option based on
 - ▶ its functional capacities
 - ▶ capital construction funding requirements
 - ▶ operational and program implications
 - ▶ annual cost to financially support the option

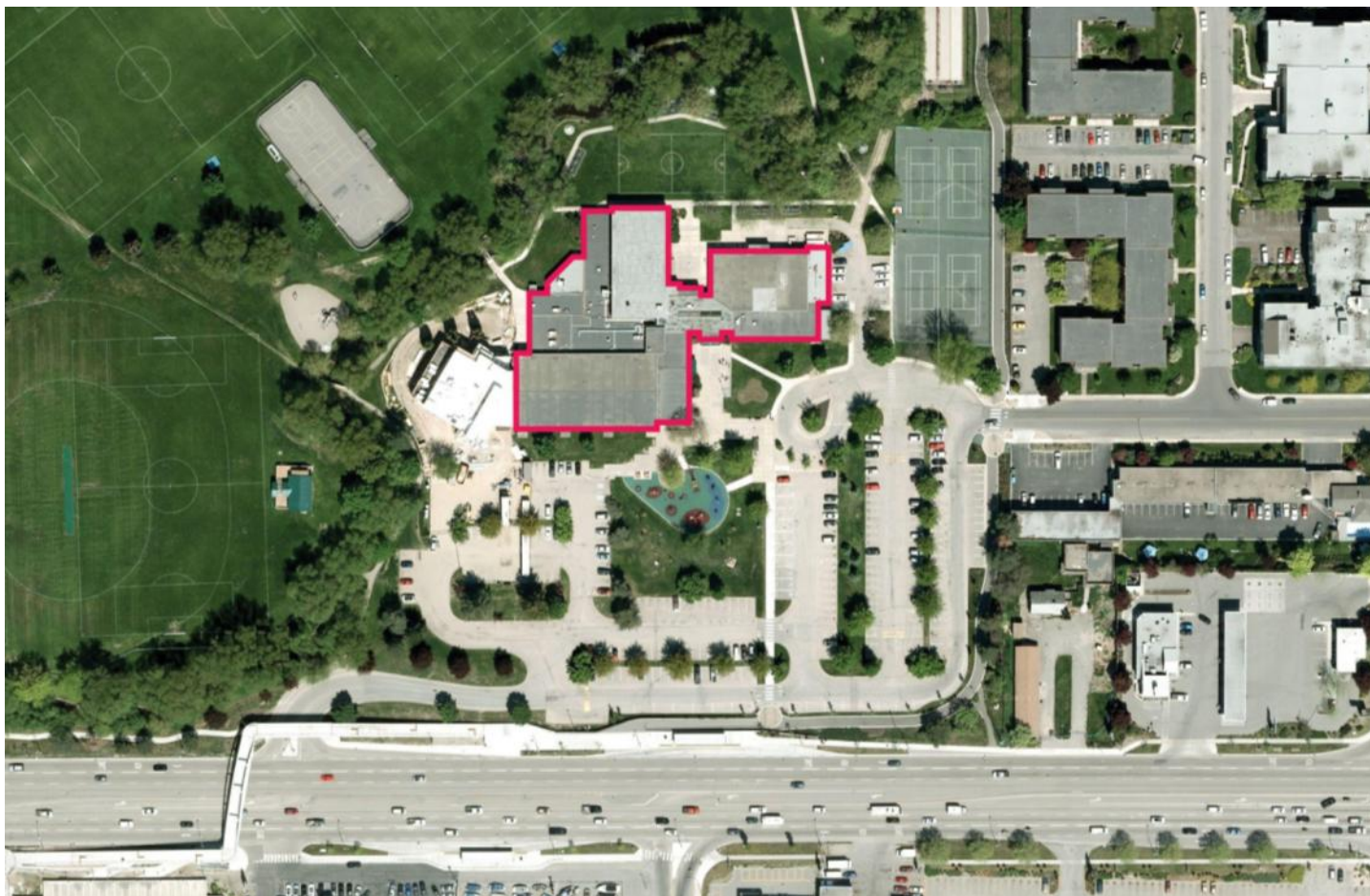
OVERVIEW OF OPTIONS

- ▶ Option 1 - Renovate existing PRC with very general reconfiguration (52,000 sq. ft.).
- ▶ Option 2 - Renovate a portion of PRC and a newly constructed addition including all components recommended in the functional space plan (136,649 sq. ft.).
- ▶ Option 3 - Construct new facility with a smaller space program than the functional space plan (95,005 sq. ft.).
- ▶ Option 4 - Construct new facility with all components recommended in the functional space plan (136,649 sq. ft.).

OPTION ONE

- ▶ Base line example using renovation requirements and costs based on RJC study
- ▶ Implications
 - ▶ does not meet existing community program needs
 - ▶ replicates constraints that limit efficiencies
- ▶ Significant contingencies required to deal with a host of unknown construction issues
- ▶ Separate contingency necessary to reconfigure facility to meet current requirements - accessibility, new uses, etc.

OPTION ONE



OPTION TWO

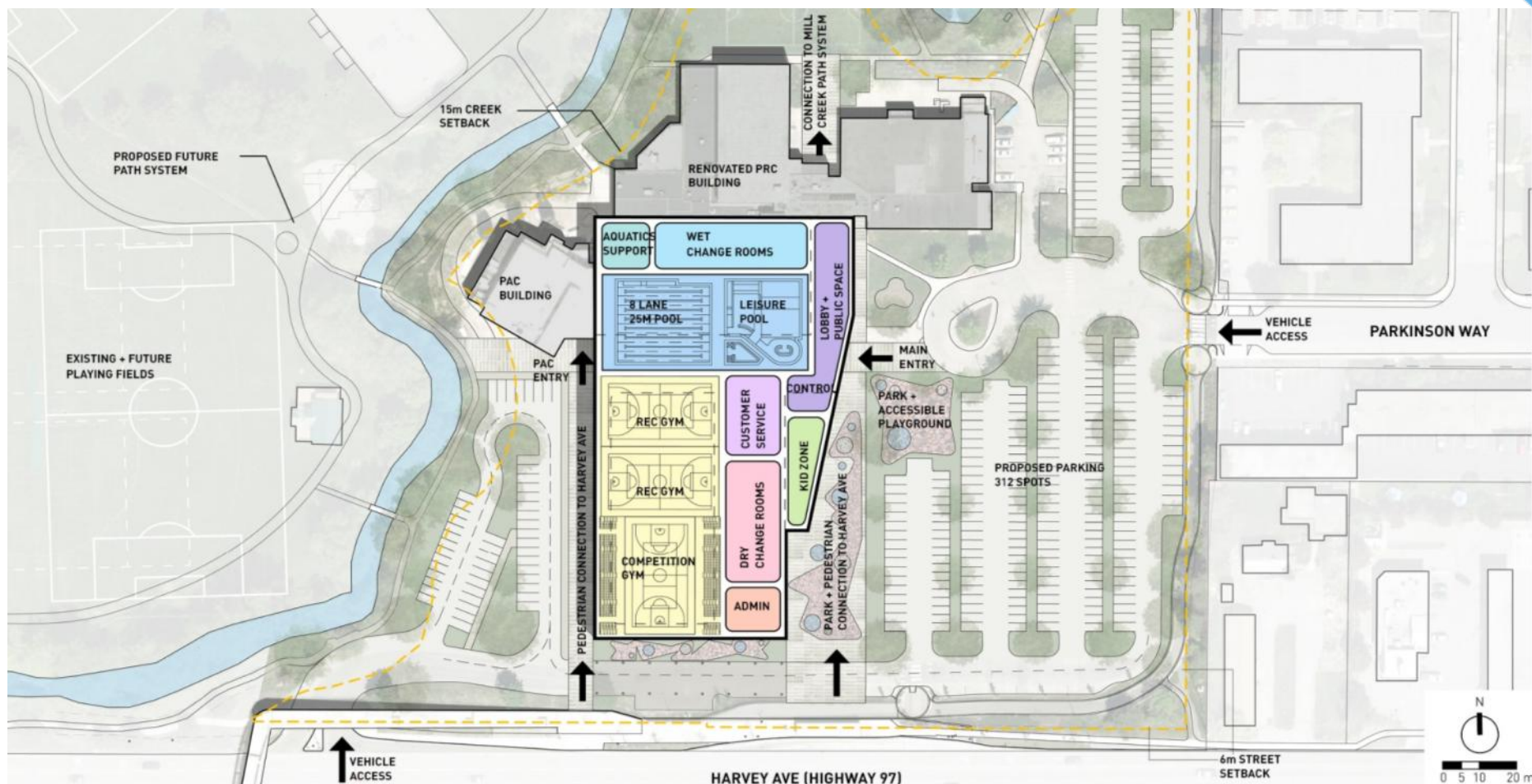
▶ Advantages

- ▶ Can be phased
- ▶ Supports all community needs of today and years to come
- ▶ PRC can remain operational during new construction

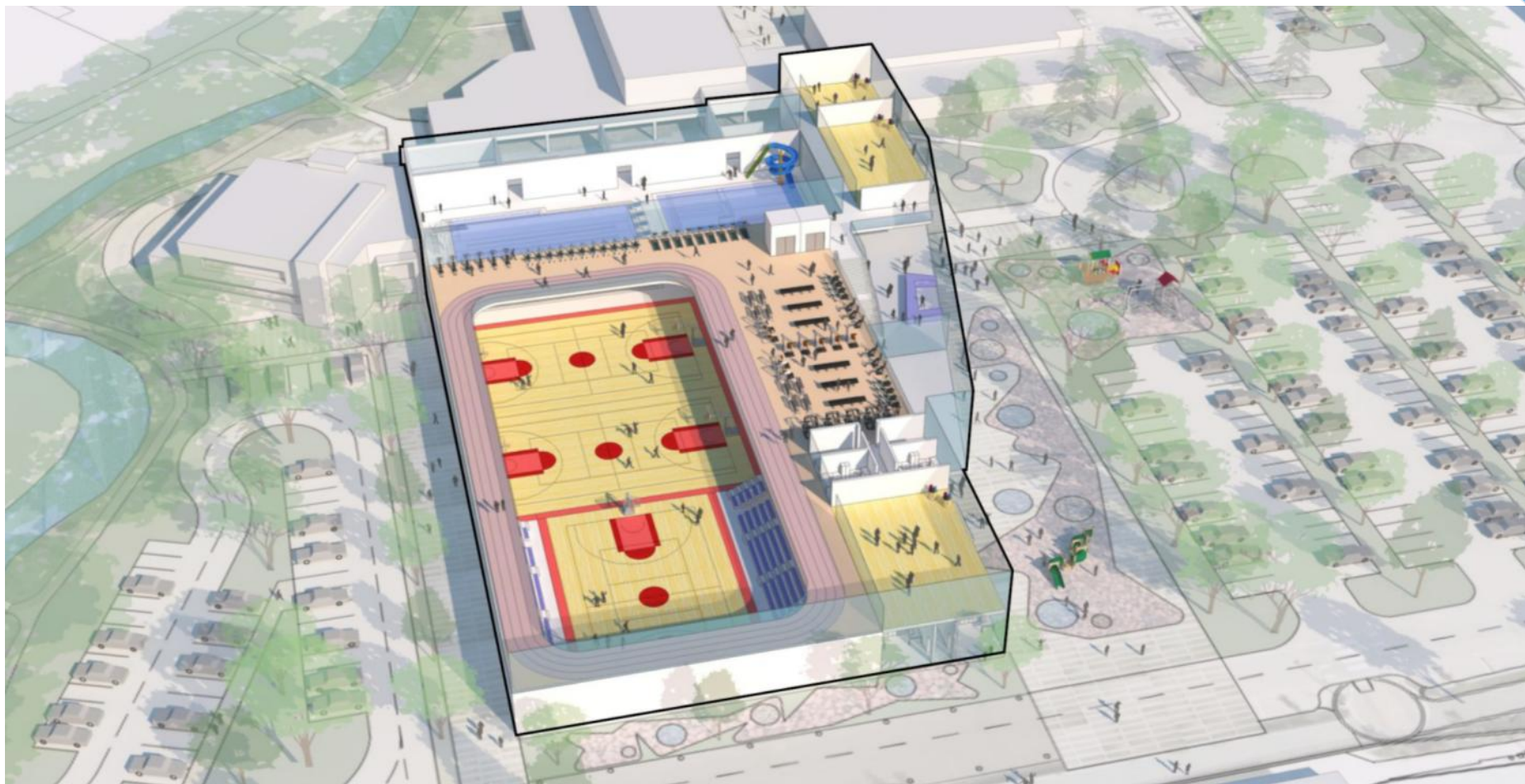
▶ Risks

- ▶ Renovation risks are the same as in option one
- ▶ Phasing related cost redundancy - duplicating costs of renovating space that will eventually come down
- ▶ PRC would be constantly under construction - customer satisfaction and staff functionality issues
- ▶ Additions and renovations have similar risks - this option has both

OPTION 2



OPTION 2



OPTION THREE

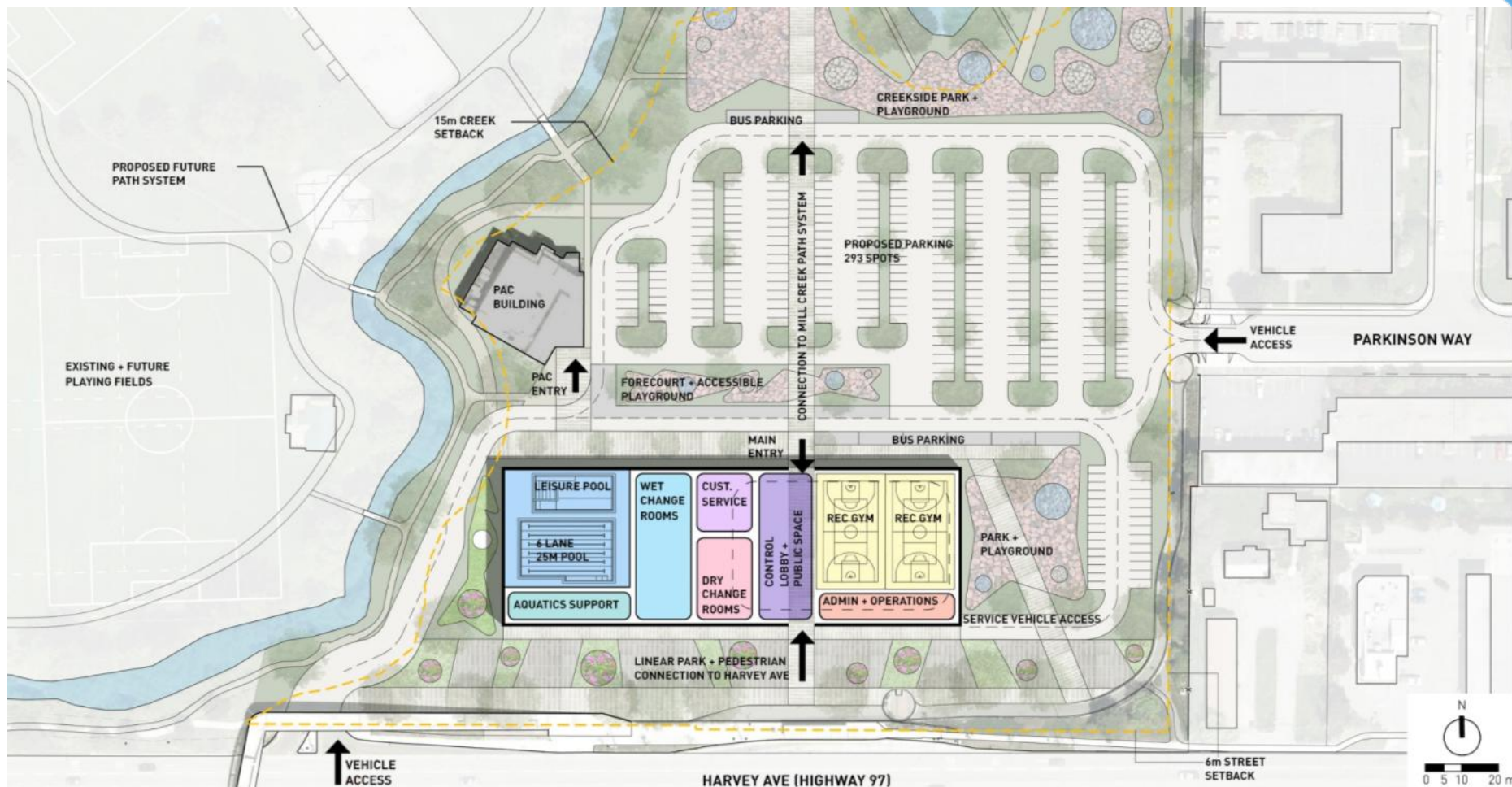
▶ Advantages

- ▶ Existing facility remains in operation during construction
- ▶ Creates good urban street presence
- ▶ Potential phased development
- ▶ Meets most of today's community needs

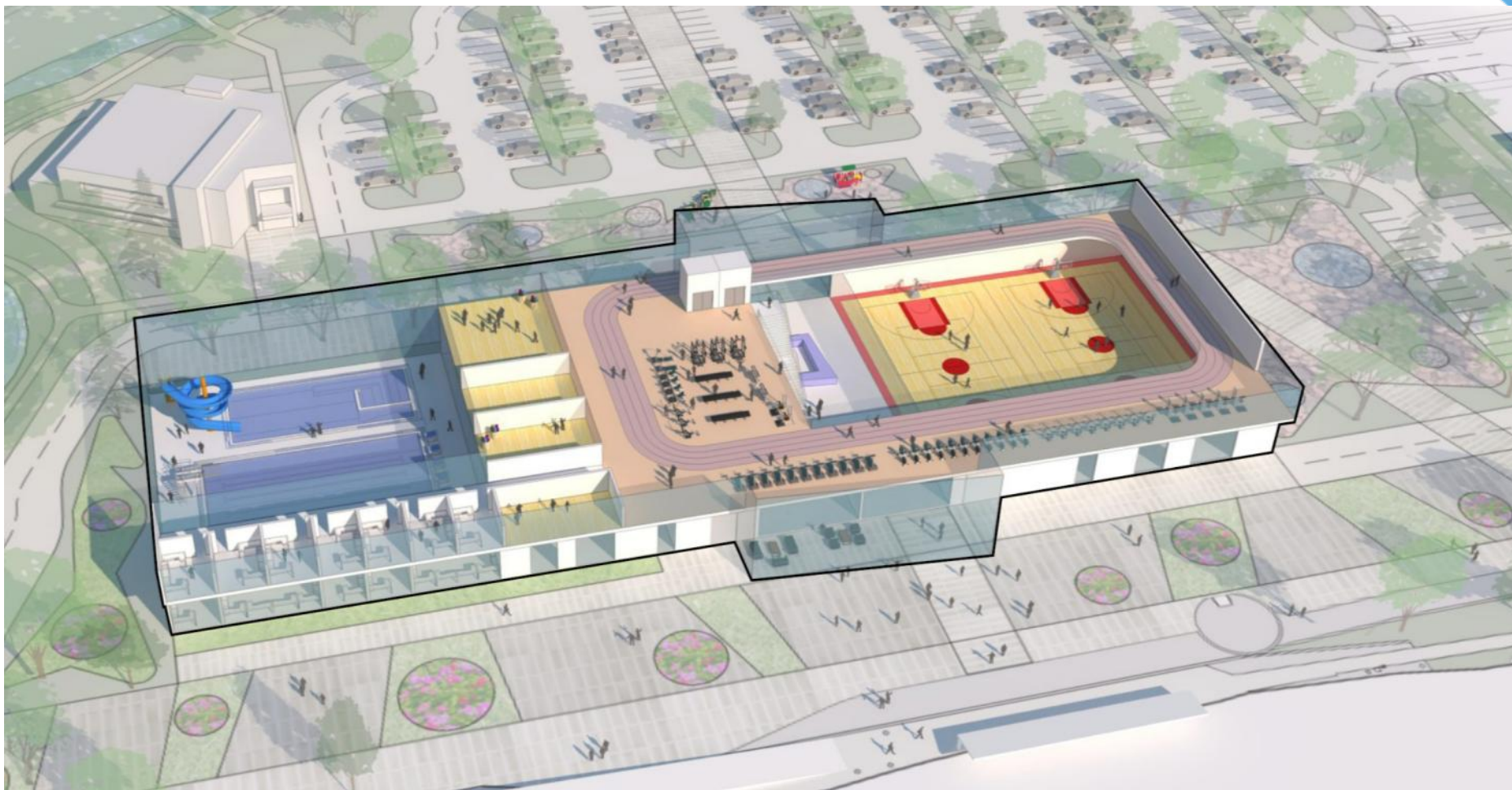
▶ Risks

- ▶ Existing building would need investment to remain operational - time dependant
- ▶ Lost opportunity to maximize the community benefit of the new PRC
- ▶ Reduced partnership potential
- ▶ Would require temporary parking solution

OPTION 3



OPTION 3



OPTION FOUR

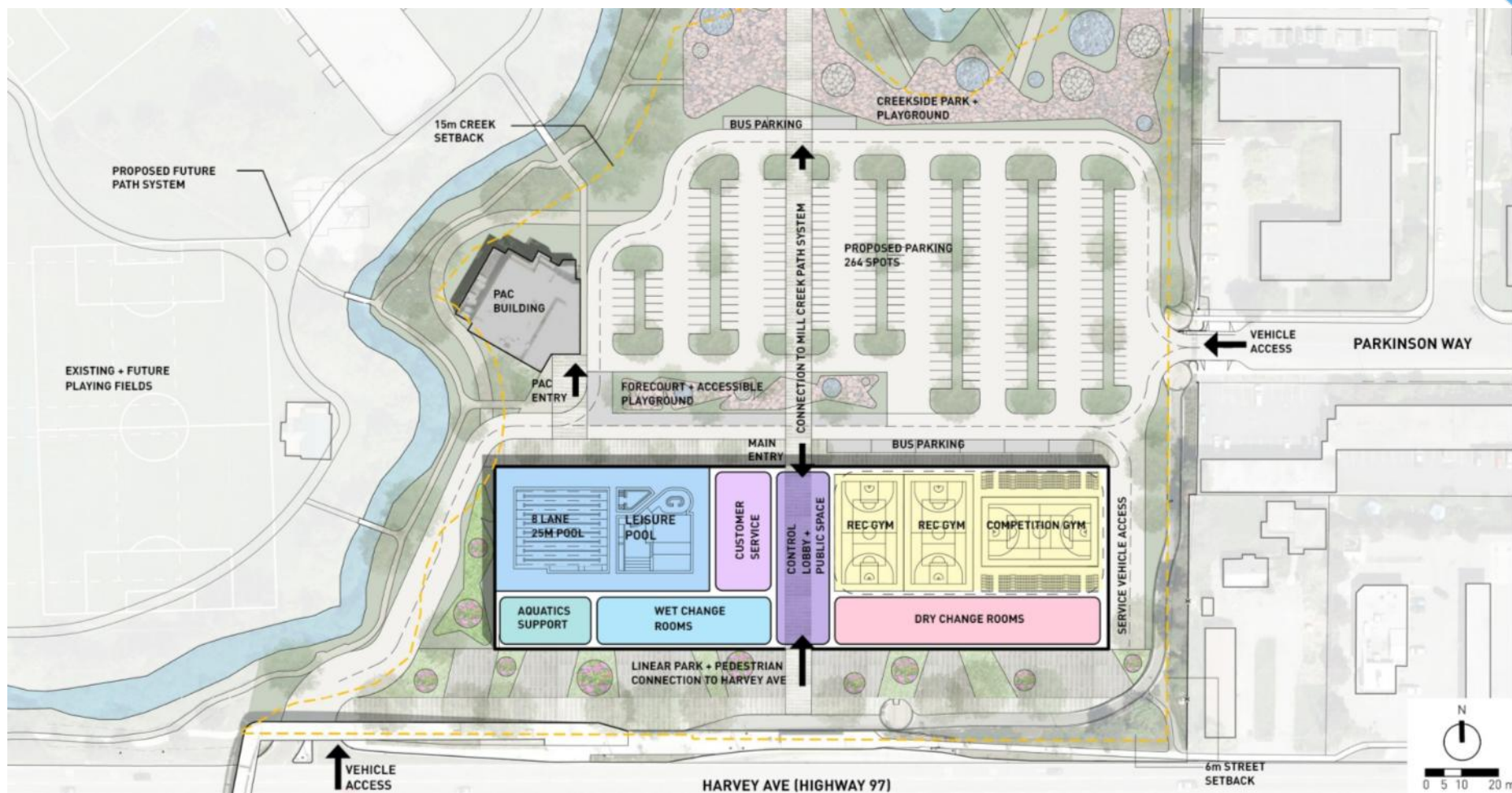
▶ Advantages

- ▶ Meets principle of forward thinking - supports all community needs of today and years to come
- ▶ Existing facility remains in operation during construction
- ▶ Creates good urban street presence
- ▶ Good pedestrian connection to Harvey through the building

▶ Risks

- ▶ Existing building would need investment to remain operational - time dependant
- ▶ Would require temporary parking solution

OPTION 4



OPTION 4



CAPITAL COST COMPARISON

	Option One	Option Two	Option Three	Option Four
Direct Building Cost	\$8,955,694	\$34,394,946	\$24,418,698	\$33,262,266
Site Development Cost - Inc. O/Head and Fee	\$767,000	\$3,358,469	\$5,123,500	\$4,805,500
Construction Contingency	\$486,135	\$1,887,671	\$1,477,110	\$1,903,388
Sub-Total Construction Cost	\$10,208,828	\$39,641,086	\$31,019,308	\$39,971,154
Soft Cost – Inc. Design, Administration, City Fees, Off site Cost and FF&E	\$2,912,172	\$11,267,914	\$7,986,692	\$10,201,846
TOTAL COST (EXCL. GST)	\$13,121,000	\$50,909,000	\$39,006,000	\$50,173,000

NEW REVENUE OPPORTUNITIES

- ▶ Option One - projected revenue performance modestly higher than existing PRC
- ▶ Option Three - better revenue performance than existing levels - approx. \$900,000 more revenue than current PRC
- ▶ Option Two and Four - significantly more revenue potential generated by gym rentals, expanded fitness memberships, new concession rent, increased aquatic programming - surpass current PRC revenue by approx. \$1.5 M

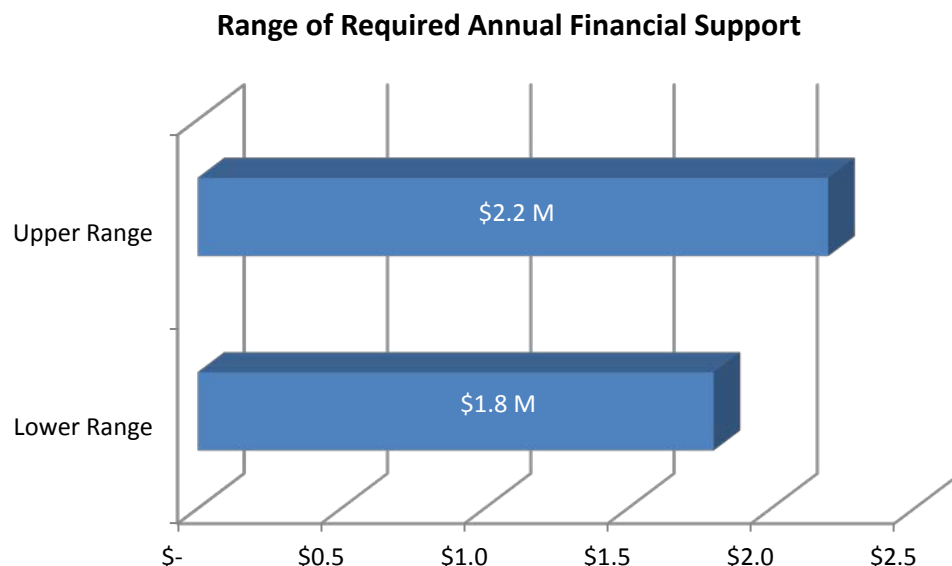
REVENUE AND COST METRICS

- ▶ All options capable of generating revenue between \$20.00 and \$25.00 per sq. ft. of gross programmable space
- ▶ Operating cost range from a low of \$30.00 per sq. ft. (Options 2 and 4) to a high of \$60.00 per sq. ft (Option 1)

OPTION ONE

OPERATIONAL CONSIDERATIONS

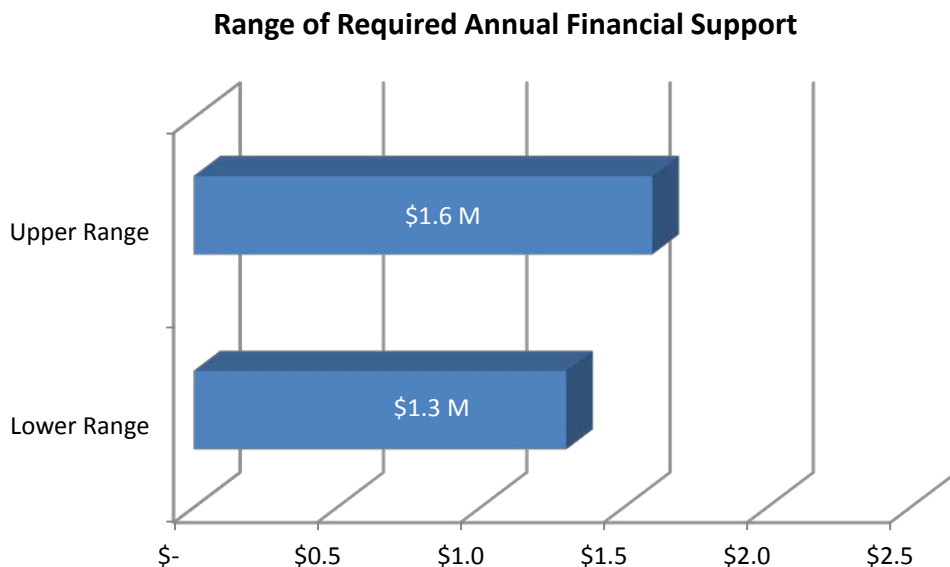
- ▶ Similar operating program to current PRC
- ▶ Most revenue from aquatics, fitness and program registration
- ▶ Operating costs of all business areas exceed revenue potential



OPTION TWO

OPERATIONAL CONSIDERATIONS

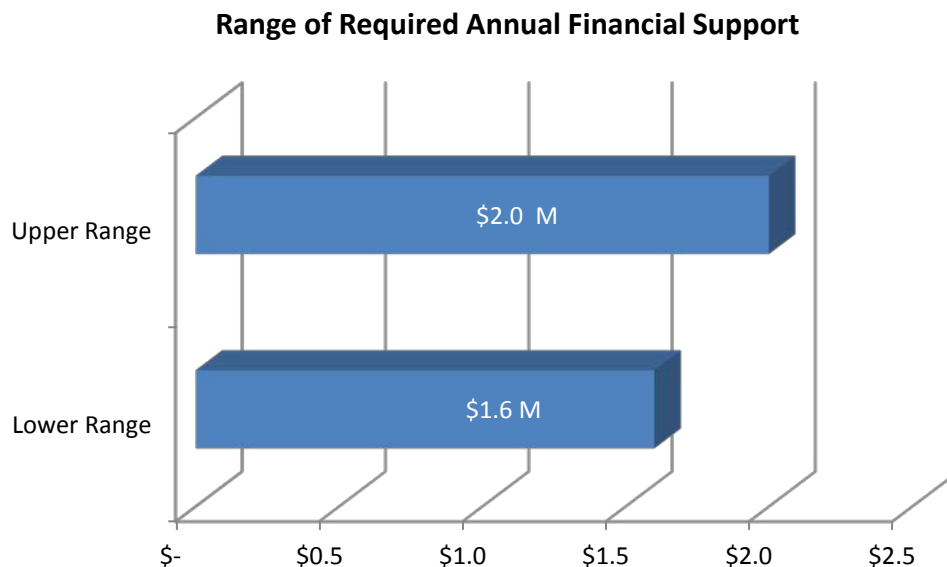
- ▶ Expanded revenue opportunities created by new facility types plus tournaments/special events in competition gym
- ▶ Excellent vehicle to maximize partnership potential
- ▶ Pool design will enhance recreational and training use and therapy component will enrich the relationship with Interior Health



OPTION THREE

OPERATIONAL CONSIDERATIONS

- ▶ Revenue potential more than Option One but less than Option Two and Four
- ▶ Elimination of competition gym reduces rental revenue, limits tournaments and special events and reduces appeal for partnering
- ▶ Six lane pool reduces the programmatic flexibility and revenue potential

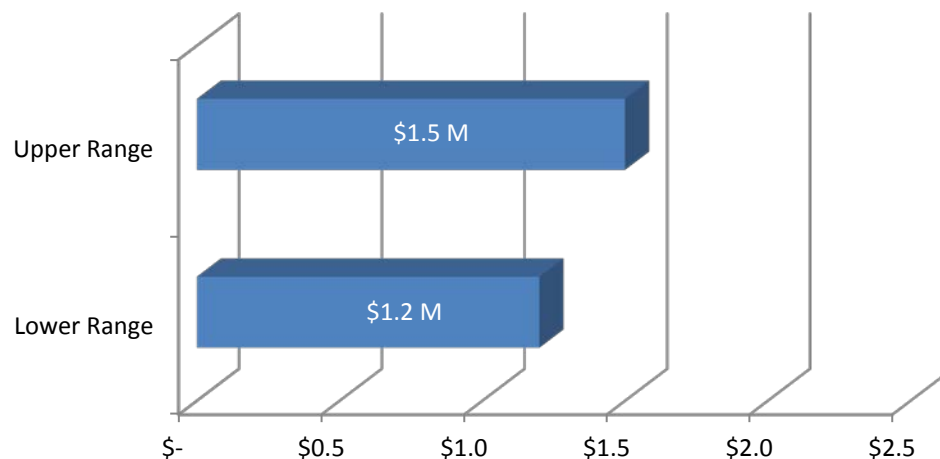


OPTION FOUR

OPERATIONAL CONSIDERATIONS

- ▶ Expanded revenue opportunities created by new facility types
- ▶ Tournaments and special events in competition gym
- ▶ Excellent vehicle to maximize partnership potential with several entities
- ▶ Pool design will enhance recreational and training use and therapy component will enrich the relationship with Interior Health

Range of Required Annual Financial Support



SUMMARY OF ANNUAL FUNDING SUPPORT

Funding Support	Option One	Option Two	Option Three	Option Four
Lower Range	\$1.8 M	\$1.3 M	\$1.6 M	\$1.2 M
Higher Range	\$2.2 M	\$1.6 M	\$2.0 M	\$1.5 M

ANNUAL INVESTED SUPPORT VS. SIZE

AVERAGE 5 - YEAR PERFORMANCE

Option	Low Range		High Range	
One	\$	35.00	\$	42.00
Two	\$	10.00	\$	12.00
Three	\$	17.00	\$	21.00
Four	\$	9.00	\$	11.00

ANNUAL NET PERFORMANCE IMPROVEMENT COMPARED TO CURRENT PRC

Option	Low Range	High Range
One	NA	NA
Two	\$ 500,000	\$ 630,000
Three	\$ 185,000	\$ 225,000
Four	\$ 580,000	\$ 710,000

RECOMMENDATION

- ▶ Examined the community benefit, functional and financial implications of each option
- ▶ Completed a detailed evaluation matrix
- ▶ Selection of Option 4 and the preferred and recommended redevelopment alternative

POTENTIAL CAPITAL FUNDING STRATEGY

- ▶ Primary funding source – municipal loan
 - ▶ Triggers electoral consent
- ▶ Secondary sources
 - ▶ Potential senior govt. contribution
 - ▶ Potential partnership contribution
 - ▶ Municipal reserves

NEXT STEPS

- ▶ Decision regarding preferred option
- ▶ Authorization to undertake future planning and study
- ▶ More detailed study and investigations of new PRC in 2016
- ▶ Examine potential of joint Recreation Centre and High School development



Thank You