

STAFF REPORT TO COUNCIL

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DATE: April 9, 2024

TO: MAYOR AND COUNCIL

NAME AND TITLE: Andy Beesley, Director of Civic Facilities & Events

SUBJECT: Prince George Aquatic Center Mechanical & Building Envelope Upgrades: Financial Plan Amendment and Council Direction

ATTACHMENT(S): Report to Council dated February 27, 2019 titled “Application for Grant under the CleanBC Communities Fund Program – Aquatic Centre Building Envelope Upgrade Project”

Presentation: Images of existing conditions

Letter from RJC Engineers dated April 4, 2024 Re: Energy Conservation Measures (ECM) Comparison for Building Envelope Components (R1) Prince George Aquatic Centre

RECOMMENDATION(S):

That Council;

1. **APPROVES** increasing the budget for Phase 1 of Project # 3108 – AQC-Mechanical/Building Envelope Upgrade from \$8,580,000 to \$14,880,000 with an additional funding source of the successful 2020 grant funding amount of \$6,300,000 received from the Investing in Canada Infrastructure Program – British Columbia – Green Infrastructure – Climate Change Mitigation - CleanBC Communities Fund.
2. **CONSIDERS** approving Phase 1a increasing the budget for Project # 3108 – AQC-Mechanical/Building Envelope Upgrade by \$1,300,000 with a funding source of MFA Debt Proceeds, as described in the report to Council dated April 9, 2024 titled Prince George Aquatic Center Mechanical & building Envelope Upgrades: Financial Plan Amendment and Council Direction.
3. **CONSIDERS** approving Phase 1b increasing the budget for Project # 3108 – AQC-Mechanical/Building Envelope Upgrade by \$1,850,000 with a funding source of MFA Debt Proceeds, as described in the report to Council dated April 9, 2024 titled Prince George Aquatic Center Mechanical & building Envelope Upgrades: Financial Plan Amendment and Council Direction.
4. **CONSIDERS** approving Phase 2 increasing the budget for Project # 3108 – AQC-Mechanical/Building Envelope Upgrade by \$7,900,000 with a funding source of MFA Debt Proceeds, as described in the report to Council dated April 9, 2024 titled Prince George Aquatic Center Mechanical & building Envelope Upgrades: Financial Plan Amendment and Council Direction.
5. **CONSIDERS** approving Phase 3 increasing the budget for Project # 3108 – AQC-Mechanical/Building Envelope Upgrade by \$4,500,000 with a funding source of MFA Debt Proceeds, as described in the report to Council dated April 9, 2024 titled Prince George Aquatic Center Mechanical & building Envelope Upgrades: Financial Plan Amendment and Council Direction.

6. **CONSIDERS** approving Phase 4 increasing the budget for Project # 3108 – AQC-Mechanical/Building Envelope Upgrade by \$6,600,000 with a funding source of MFA Debt Proceeds , as described in the report to Council dated April 9, 2024 titled Prince George Aquatic Center Mechanical & building Envelope Upgrades: Financial Plan Amendment and Council Direction.

PURPOSE:

Administration is providing Council with information on the Aquatic Centre Mechanical and Building Envelope Upgrade project #3108 which includes a requirement for a financial plan amendment to reflect the successful grant funding source addition to the existing approved project budget. Administration is also seeking Council’s direction on proposed additional options and phases to inform how the project advances.

BACKGROUND:

The Prince George Aquatic Centre (PGAC) is the City’s premiere competitive aquatic centre and is highly used by residents and visitors to the community, operating seven (7) days a week with over 240,000 visitors annually. The PGAC is one of the City’s two (2) pools and is home to competitive sport clubs who train morning and evening six days per week. Facility amenities include a 50-metre lap pool, dive boards & towers, wave pool, hot tub, sauna, steam room, fitness centre and a pro-shop. Pool usage is comprised of adults at 24%, youth at 22%, family at 20%, children at 19% and seniors at 15%. Public swim accounts for 58% of total revenue. In 2023 PGAC had a fee recovery of \$1,354,728 and as with all BC municipal pools being subsidized, PGAC has an operating cost recovery rate of 42%.

The building was constructed in 1998 and has been in operation for over 25 years with ongoing maintenance and improvements made over time. The facility has requirements for significant capital investment to address building system failures, end of service life infrastructure, energy efficiency and required health and safety code requirements which initiated detailed planning assessment work. The progression of this work and associated timelines included:

- In 2016, the [Prince George Aquatic Needs Assessment Report](#) work included a targeted building envelope condition assessment to assess the condition of the existing PGAC building envelope due to related issues with water ingress, air exfiltration and visible exterior damage. This assessment identified a combination of detailing and construction issues resulting in moisture problems and provided recommendations to address the ongoing moisture problems with the roofing and exterior finishing insulation systems (EIFS). EIFS was commonly used in the 1990s and includes buildings in our community as previously reported to Council (e.g. PG Playhouse, CN Centre).
- In 2018, the recommended building envelope and mechanical systems requirements were assessed further with the development of Class C cost estimates for capital budget development for a like-for-like replacement.
- On February 11, 2019, Council approved \$8,580,000 of funding for project #3108 – AQC-Mechanical/Building Envelope Upgrade in the 2019-2023 Financial Plan.
- On March 11, 2019, Council approved Administration’s application to the *Investing in Canada Infrastructure Program – British Columbia – Green Infrastructure – Climate Change Mitigation – CleanBC Communities Fund* grant program for additional project funding to achieve energy efficiencies.
- In early 2020 the City was successfully awarded the maximum grant funding amount requested of \$6,300,000 to add to the original project increasing the total budget to \$14,880,000 (Phase 1). Shortly after, the COVID-19 pandemic caused restrictions and

shutdowns. A number of projects, including this one, were placed on hold in 2020 and 2021 due to pandemic restrictions and market constraints.

- In 2022, Prince George hosted the BC Summer Games which delayed the start of the project was postponed to follow this large event.

In 2023, with staffing resources in place, Administration resumed the project retaining services from consultants specialized in pool natatoriums, natatorium mechanical systems and building envelope to provide construction drawings and cost estimates for the PGAC building envelope, mechanical systems and other building needs. Previous assessments were reviewed and the current conditions and remaining service life for all facility components were examined. These findings identified escalating building envelope failure with additional remediation requirements such as the need to replace the concrete masonry units.

DISCUSSION:

Cost estimates have been updated from the original 2018 like-for-like replacement budget to include the expanded remediation requirements and energy efficient options, along with a sufficient contingency allowance to accommodate unforeseen conditions associated with a potential failing building structure. For the existing Phase 1 of the approved project that includes the original grant request requirements, remediation Phase 1 options 1a and 1b were explored to further reduce energy consumption and greenhouse gas emissions and increase the building life expectancy with increased insulation, triple glazed windows and a more durable metal cladding systems and are summarized as follows:

- Option 1a: Increase R value of the walls, roof and glazing.
- Option 1b: Use metal cladding instead of EIFS.

Administration has prepared a phased approach for the PGAC building renovation program due to magnitude of construction and anticipated funding limitations. The following phased development program includes original remediation requirements in Phase 1 followed by renovations that have been prioritized over three (3) additional phases. Phases 1 and 2 would ideally be bundled into one year due to overlapping construction areas and opportunity for construction synergies, expanded roof warranty, cost savings and reduced overall user interruption considerations. These phases are summarized as follows:

- Phase 1 – Replacement of the building envelope, glazing, roof system, exterior doors, entry columns, leisure pool tiles, acoustic baffles and DDC (Controls) system. Addition of a dehumidification system and new electrical transformer with electrical system upgrades.
- Phase 2 – Repairs to the structural steel/columns and dive tank sparger system. Replacement of main entry soffits, curtain wall and air handling units cooling coils. Addition of energy recovery on air handling units.
- Phase 3 – Replacement of health/life safety items including deck, lobby and visitor area tile, handrails, plumbing fixtures, fire alarm system and sprinkler heads.
- Phase 4 – Replacement of moveable bulkheads, change room tiles, overhead and underwater light fixtures and emergency system lighting, in addition to interior repainting, hydronic piping reconfiguration, increased access controls, accessibility improvements, and reconfigured reception desk.

STRATEGIC PRIORITIES:

The recommendations provided in this report supports the following the following myPG Community Goals and Priorities and Council's Strategic Priorities

City Government and Infrastructure priority;

- *Creating and sharing a long-term vision roadmap with targets (including population targets) and milestones that reflect the integration of capital planning, asset*

- management, infrastructure planning, and Official Community Plan renewal processes, and associated financial commitments.
- Build and maintain the relationships necessary to ensure coordinated advocacy, responsive service delivery, and the acquisition of external funding to meet the diverse needs of all residents.

Social Health and Well-Being

- Maximize the quality of life for all residents
- Environmental Stewardship & Climate Action Priorities;*
- Preserve the environment

FINANCIAL CONSIDERATIONS:

In 2019, Council approved project #3108 – AQC-Mechanical/Building Envelope Upgrade with a budget of \$8,580,000. Administration was successful in grant funding for the project to improve energy efficiency and reduce greenhouse gas emissions with the project for an additional \$6,300,000 received through the *Investing in Canada Infrastructure Program – British Columbia – Green Infrastructure – Climate Change Mitigation – CleanBC Communities Fund*. This will bring the total budget to \$14,880,000 (Phase 1).

The discussion section of this report summarizes the additional options that can be added to the existing Phase 1 to further reduce energy consumption and greenhouse gas emissions and provide a more durable exterior cladding system to extend useful service life. Phase 1 options financial implications are summarized as follows:

- Option 1a: Increase R value of the walls, roof and glazing \$ 1.3 M and/or
- Option 1b: Use metal cladding instead of EIFS. \$ 1.85 M

The budget estimates for phases within this report represent the cost projected in 2024 dollars and have considered the appropriate contingencies based on project certainty and risk. The financial implications associated with each of the proposed additional phases described in this report are summarized as follows:

- For Phase 2 scope: \$ 7.9 M
- For Phase 3 scope: \$ 4.5 M
- For Phase 4 scope: \$ 6.6 M

The funding source for phases as recommended within the report is proposed through Municipal Finance Authority (MFA) Debt Proceeds. Subject to Council direction regarding additional funding to add to project scope through approval of recommendations Phase 1a, 1b, 2, 3 and/or 4, a report would be returned to Council at the next available agenda regarding this process. The table below outlines the estimated annual debt proceeds for each option as well as the effect on future tax levies.

Phase	Debt Proceeds	Annual Debt Servicing Cost	Tax Levy Increase
Phase 1a	\$1,300,000	\$108,809	0.08%
Phase 1b	1,850,000	154,844	0.11%
Phase 2	7,900,000	661,224	0.48%
Phase 3	4,500,000	376,647	0.27%
Phase 4	6,600,000	552,415	0.40%
TOTAL	\$22,150,000	\$1,853,939	1.34%

Administration will seek additional grant funding opportunities with the objective of reducing the proposed MFA Debt budget identified in the additional phasing recommended in this report. As with

any grant application process that is highly competitive, the scenario for an unsuccessful grant application needs to be planned for and not solely relied on.

The Province of BC administering the existing approved ICIP-BC-Green Infrastructure-Climate Change Mitigation-CleanBC Communities Fund has advised that this funding stream has been fully subscribed to and that many of those funded approved projects are in a similar situation.

The additional phases proposed if not approved to occur with Phase 1 approved scope, will be included in the future capital plan. Completing the phased scopes later will cause future disruption to services and escalating costs to complete the work.

SUMMARY AND CONCLUSION:

The project as approved, and the additional options and phases proposed in this report, align with the Council approved direction set out in the [Organizational Capital Project Management Policy, 2021](#) and the [Asset Management Policy, 2019](#). Following the delay due to outcomes of the pandemic, the project was deferred to ensure the framework could be followed. Staff resources were put in place and undertook an appropriate level of due diligence to review scope and budget prior to advancing the project. Further to this, a review was completed of critical assets renewal needs that would be required for replacement that would achieve longer term gains.

The report provides a status update on Council 2019 approved project #3108 – AQC-Mechanical/Building Envelope Upgrade. Additionally, Administration was successful in grant funding for the project and requests Council approval to amend the financial plan to reflect \$6,300,000 of grant funding source received through the *Investing in Canada Infrastructure Program – British Columbia – Green Infrastructure – Climate Change Mitigation – CleanBC Communities Fund* in addition to the Council approved budget for a total of \$14,880,000 (Phase 1).

Through regular Significant Capital Projects reporting twice a year, Council received updates regarding the project deferral due to pandemic shutdown, cost fluctuations and staff resourcing needs. Last year, staff resources were put in place to take the appropriate steps to review the project scope, the budget to meet current building and health code requirements and costs, while also reviewing upcoming end-of-life asset capital needs for the facility. An opportunity exists for additional work to occur through additional phases. The additional phases and their associated budgets to be added to Phase 1 of this project have been provided for Council consideration for the following reasons:

- Immediate and upcoming facility asset reinvestment needs in a highly used community facility;
- To condense the number of interruptions to the Aquatic Centre facility users and events;
- Meet current code requirements (updated 2020);
- Improve energy efficiencies;
- Reduce greenhouse gas emissions;
- Extend the expected useful service life further;
- Life cycle operational cost savings; and,
- Economies of scale (time and financial current dollars).

Administration is seeking Council approval regarding the option for additional phases as recommended and described within the report.

RESPECTFULLY SUBMITTED:

Andy Beesley, Director, Civic Facilities and Events

PREPARED BY: Robin Vargyas, Sr. Project Manager

APPROVED:

Walter Babicz, City Manager

Meeting Date: April 22, 2024