

TO: MAYOR & COUNCILLORS
FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER
SUBJECT: **CA – CONFEDERATION PARK COMMUNITY CENTRE (CPCC) PROJECT – PHASE II**
PURPOSE: To obtain Council approval to defer consideration of the Contract Award (CA) to complete the construction work for the Confederation Park Community Centre (CPCC) Project – Phase II until such time that adequate funding is available for the project.

RECOMMENDATION

THAT Council defer the Contract Award for Phase II of the Confederation Park Community Centre (CPCC) Project until such time that adequate funding is available, as outlined in the report titled “CA – Confederation Park Community Centre (CPCC) Project – Phase II”, dated August 26, 2024.

EXECUTIVE SUMMARY

Staff do not recommend the contract award for the construction phase of the Confederation Park Community Centre Project (the “Project”) at this time due to the lack of available funding for the work. The report provides a summary of the Project and the rationale for the recommendation to defer the Project.

Design of this project is complete and the work has been tendered in preparation for construction to begin this fall. However, due to recent changes in legislation as described in the Financial Considerations below, there is now insufficient funding in the Community Benefit Bonus Reserve to proceed with the project at this time.

1.0 POLICY SECTION

The City’s Procurement Policy requires that contracts for goods, services and construction with values over \$1,000,000 be approved by Council following a competitive procurement process.

2.0 BACKGROUND

In July 2019, the City retained Revery Architecture Inc. (Revery) to undertake a feasibility study and preliminary design development of the Confederation Park Community Centre (CPCC) as one of the proposed priority projects to meet the evolving needs of the growing population in Burnaby.

In November 2019, a community needs assessment was conducted through a round of public engagement sessions, which identified high-priority recreation opportunities in the northwest quadrant, including social gatherings, low to medium-intensity fitness, creative and performing arts programs, as well as youth and seniors’ activities.

This Project was one of four major recreation facilities planned throughout the City. Funding for these projects was planned to come from the City’s Community Benefit Bonus Reserves.

Over the past few years, the design of the facility progressed and underwent two major re-design exercises, including the removal and re-introduction of a second gymnasium into the design and additional offsite civil work.

In January 2023, Council approved the award of preconstruction services to Canadian Turner Construction Company Ltd. (Turner) to review constructability, tender the work, and confirm the project cost.

In 2024, Provincial legislation was enacted that impacted the City’s ability to collect funds used in the Community Benefit Bonus Density (CBBB) reserve and brought in a funding model called Amenity Cost Charges. These changes substantially impacted the way all cities in BC can fund community recreation infrastructure. There are currently insufficient funds in the CBBB reserve to award the construction contract for CPCC, however, funding through Development Cost Charges (DCC) and Amenity Cost Charges (ACC) will be acquired in the coming years to fund the portion of this project that can be attributed to growth.

3.0 GENERAL INFORMATION

3.1 Operational Cost

The City is currently planning four major Parks, Recreation and Culture facilities to come online within the next five years (Burnaby Lake Recreation Complex, Cameron Community Centre, James Cowan Theatre, and Brentwood Community Centre). PRC is currently planning the operational impact of staffing and operating all these new and/or expanded facilities. Opening this number of public facilities in this timeframe will be challenging. Deferring the construction of CPCC will also help mitigate that operating impact.

3.2 Construction Cost Summary

As outlined in the table below, the total estimated contract value is \$215,460,000 including GST in the amount of \$10,260,000

| Contract History | Date | Accumulative Total Change |
|---------------------------------------|-------------|----------------------------------|
| Original Contract Award – Phase I | Jan 2023 | \$50,000,000.00 |
| Contract Award– Phase II | Pending | \$142,600,000.00 |
| Contingency Allowance – Phase II (7%) | Pending | \$12,600,000.00 |
| SUBTOTAL | | \$205,200,000.00 |
| GST | | \$10,260,000.00 |
| TOTAL | | \$215,460,000.00 |

Below is a table with a construction only cost comparison to other community centers. While the unit rate of construction for this project is in line with Burnaby’s other projects, the others include pools and an arena so staff would expect these project costs to be lower. The promenade and building envelope with the two-building design are significant cost-drivers on this project.

| Project | Occupied Area (ft ²) | Cost Excl. parking & offsite | Unit Cost (\$/ft ² , Excl. parking & offsite civil) |
|---------------------------------------|----------------------------------|------------------------------|--|
| Confederation Park Community Centre | 119,648 | \$152,400,000 | \$1,274 |
| Cameron Community Centre & Library | 213,053 | \$227,600,000 | \$1,068 |
| Burnaby Lake Aquatic & Arena Facility | 144,000 | \$183,550,000 | \$1,275 |

Note: The benchmark numbers are calibrated for consistency, and account for the cost of programmable spaces in each facility. The numbers exclude underground parking or offsite civil works.

The costs spent to date on feasibility studies, design and design revisions and project management are approximately \$20 million.

Cost consultants are currently estimating 7% construction cost escalation for at least the next five years. If this project is deferred by 5 years, this project is expected to cost about \$82 million more to build, assuming no design changes.

3.3 Next Steps

If Council provides direction to defer this project, all planning activities will cease and current contracts will be terminated. Staff will communicate the decision to the Confederation Seniors Society, whose programming will then remain in place at the current Confederation site.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

Staff will communicate the Council’s decision to the Confederation Seniors Association. If Council chooses to defer the project, seniors services programming will remain in place at the current Confederation Park site.

5.0 FINANCIAL CONSIDERATIONS

The total remaining project cost estimate is \$240M (excluding FF&E and GST). This includes contract awards total of \$205M and \$35M in remaining costs for construction contract administration, utility connections, public art, project management and contingency.

Funding for this project has been included within the 2024-2028 Financial Plan under Lands & Facilities – Civic Projects, Confederation Park Community Centre with a plan of \$238,100,000. This project was initially planned to be funded by the Community Benefit Bonus Reserve. However, due to recent legislative changes from the province this project will now be funded through the Amenity Cost Charge (ACC) program. As this funding program is new, no ACC funding has been collected to date to fund this growth portion of the CPCC. As ACC funds are generated from developer contributions, the timing of the collections of these funds are uncertain.

As per legislation, ACCs are only permitted to fund the growth component of a capital project; therefore, the remaining costs will need to be funded by the City outside of ACC revenues. The redeveloped CPCC will have an increase in square footage providing greater capacity by 87%, which represents the growth component of the project that equates to approximately \$208.8 million. This amount would need to be collected in ACC's or funded directly by the City. The remaining cost of \$31.2 million represents the funding required outside of the ACC program or the replacement portion of the project. As stated above, the total project cost was planned to be funded by the Community Benefit Bonus program; due to the legislative changes, funding of the \$31.2 million has not been identified. Should Council wish to proceed before sufficient funds accumulate, an alternate funding strategy will need to be identified.

If the CPCC project proceeds, the planned opening would be in 2028 with an estimated increase in net (after considering additional revenues and current base budget funding) operating expenditures of \$4.2 million. This will result in an estimated tax rate increase of approximately 1.19% for this facility alone. In addition, a contribution to capital will need to be determined to ensure sufficient funding will be available for the future replacement of the facility. Furthermore, Burnaby Lake Recreation Complex and Cameron Community Centre & Library are also anticipated to begin operations in the same timeframe, which would put further pressure on the tax rate. These additional operational requirements will require further examination during budget discussions in the fall.

Respectfully submitted,

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

Attachment 1 – RFP# 262-10-22

REPORT CONTRIBUTORS

This report was prepared by Sonny Dherari, Senior Buyer, Charles Allen, Director Civic Building Projects, James Lota, GM Lands and Facilities, Mary Morrison-Clark, GM Parks Recreation and Culture, and reviewed by Sophan Lum, Senior Manager Purchasing - Capital.