

TO: MAYOR & COUNCILLORS
FROM: GENERAL MANAGER LANDS AND FACILITIES
GENERAL MANAGER PARKS, RECREATION AND CULTURE
SUBJECT: **CONFEDERATION PARK COMMUNITY CENTRE (CPCC)
PROJECT**
PURPOSE: To obtain Council approval to abandon the current CPCC design.

RECOMMENDATION

THAT approval be given to abandon the current Confederation Park Community Centre (CPCC) project, as outlined in the report titled “Confederation Park Community Centre (CPCC) Project”, dated January 28, 2025.

EXECUTIVE SUMMARY

This report outlines options for proceeding with the Confederation Park Community Centre (“CPCC”) project including potential funding alternatives. Staff have provided options to redesign the facility, reduce the project size, and decrease the project cost by \$80 million. However, external borrowing would still be required to proceed with the project at this time.

While building a Recreation Community Centre to offer increased recreation and culture programs at the Confederation Park Sites would benefit the local community, there are advantages to deferring the project to align it with community needs, financial readiness, and strategic planning, ensuring a well-balanced distribution of recreation services across all of the City’s quadrants.

1.0 POLICY SECTION

This project aligns with the following City plans and policies:

- Corporate Strategic Plan (2022)
- Climate Action Framework (2020)
- Green Building Policy (2018)
- Social Sustainability Strategy (2011)
- Official Community Plan (1998)

2.0 BACKGROUND

At the August 26th Council meeting, City of Burnaby staff recommended not awarding the Phase II Contract for the construction of the CPCC due to financial considerations (\$240 million). As requested by Council at that meeting, Staff are now reporting back with additional redesign options to reduce project costs while still meeting community needs, and providing further funding options given recent changes in provincial legislation.

To date, Council has approved the Brentwood Community Centre (BCC) as the primary amenity for the northwest area of the City. This aligns with the 2019 Northwest Quadrant Recreation Needs Assessment, which recommended a provision rate of 1 square feet of net usable community recreation space per capita to meet long-term needs. The addition of the Confederation Community Centre at this time would bring the net usable community recreation space in the Northwest Quadrant to over 1.76 square feet per capita. In comparison, the provision of community recreation space in the Southwest Quadrant is approximately 0.63 square feet per capita, while the Southeast Quadrant provides about 0.65 square feet per capita. This disparity highlights the uneven distribution of recreational space across the city and suggests that greater investment is needed in the Southwest and Southeast Quadrants to address growing demands and promote equitable access to recreational amenities.

Since this assessment, the City has strategically expanded its recreation and cultural services to align with its long-term asset management plan and projected population growth, notably in the northwest part of the City, largely due to the rapid development of the Brentwood Town Centre.

3.0 GENERAL INFORMATION

The recreation planning strategy aims to ensure an equitable distribution of services across all City quadrants, with a strong focus on providing comprehensive, accessible facilities in each Town Center. This approach balances local quadrant needs while also recognizing the necessity for large-scale, specialized City-wide destination recreation options to adequately serve community needs.

Constructing an additional recreation community centre in the Northwest Quadrant at this time would elevate the Quadrant’s average net usable community recreation space per capita beyond the recommended ratio. Overbuilding in this quadrant poses the risk of higher required subsidies based on the current population until it catches up. Meanwhile, other quadrants of the City, particularly the Southwest and Southeast, would benefit from increased net usable community recreation space based on their respective populations. These considerations have informed the staff’s recommended option to Council.

3.1 Potential Options for the CPCC Project

3.1.1 Option 1: Abandon the Project (Recommendation)

This option proposes deferring the project until there is increased demand to enhance recreation service provision in the Northwest Quadrant, adequate funding is secured, and the project aligns with the City-wide facility needs and implementation strategy specified in the forthcoming Parks, Recreation and Culture Master Plan. At that point, the project would restart with a new design reflecting evolved community needs and updated facility standards.

Implementing this option would require terminating existing contracts, incurring associated fees, and initiating a new procurement process in the future when needed, with construction costs expected to rise by 4-7% annually.

Approval of this option would facilitate a more balanced distribution of net usable community recreation space to other quadrants in the city that require additional space to achieve the targeted ratio of 1 square feet per capita, particularly around Town Centers with higher demand for community recreation service provision.

3.1.2 Option 2: Redesign and Proceed with the Project at a Reduced Cost

Should Council choose to proceed with this option, cost estimates and schedules for all potential approaches to redesigning the facility are similar, with an overall project cost of approximately \$160 million, assuming construction is completed, and the facility opens in early 2029. Potential funding options are outlined in Section 6.

This option proposes redesigning a smaller Community Centre that aligns with the City’s vision of an accessible, multifunctional community space. The new design would prioritize energy efficiency, sustainability, and cost optimization while expanding programming opportunities to meet projected future community needs.

This budget still allows us to deliver a comprehensive community center, incorporating the core provisions from the original project scope, while minimizing disruption to existing services, such as senior programs at the current site.

Given the newly approved BCC, the approval of this option risks an overdevelopment of service provisions in the Northwest Quadrant, whereas other quadrants demonstrate a more pressing need for an increase in square footage of net usable recreational community space per capita.

3.2 Addressing Community Needs

Our strategic approach to recreation planning is designed to ensure an equitable distribution of services in all the City’s four quadrants. A city-wide, phased, long-term planning vision with the goal of providing the right amenities at the right time will achieve a more balanced distribution of access to community space across the City. This approach, aligned with the growth of our community and town centers, will maximize community benefits and meet current and future needs in a sustainable manner.

The Confederation Park site already offers a range of indoor amenities for all ages and abilities, contributing to the vibrancy of the surrounding neighborhood. These amenities include the Eileen Dailly Leisure Pool & Fitness Centre, the Summit Youth Centre, and the Confederation Senior’s Centre.

Even if the CPCC project is deferred, the use of existing facilities in the Northwest can be optimized to increase service provisions in the Capitol Hill neighborhood and the quadrant. For example, utilizing the Confederation Senior’s Centre during non-peak times could expand services to other segments of the population. Additionally, the use of the Willingdon Community Centre can be increased while its future is assessed in conjunction with the new Brentwood Community Centre and the need for additional parkland. Lastly, leveraging the success of the Sohen Gill Sport Box will temporarily alleviate the pressure for a double gymnasium at Confederation Park.

These strategies would allow for long-term, more accessible community spaces, with ongoing efforts to maximize the use of existing facilities to offset demand. Given the significant growth in this Northwest quadrant, optimizing the use of these spaces is essential.

3.3 Operational Considerations

The ongoing effort to meet the community space provision target will necessitate substantial operational efforts, including extensive staff recruitment, training, and communication.

Should Council decide to proceed with a new facility at this time (Option 2), it will result in the commissioning of four recreation centers within two years. This condensed time frame will bring general complexities and operational challenges.

Exceeding the 1 square foot per capita ratio of net usable recreation space in the Northwest carries the risk of higher subsidies in this quadrant, as two large community centers may potentially overprovide for the current population’s needs. The expanded scope of programs and facility maintenance for the CPCC project would incur significant staffing and operational costs. The new CPCC facility is expected to generate approximately \$1 million in revenue by 2029, offsetting some of the operating expenses. However, a total subsidy of \$5.6 million is expected, which would result in an estimated tax rate increase of 1.6%.

For comparison, high-level revenue projections are detailed in the table below (using the Edmonds Community Centre (ECC) without Aquatic Services as a reference).

Table 1: ECC without Aquatic Services

Budget Projection	2029 Budget
Total expenses (recreation, food services, maintenance, utilities etc.)	\$6.6M
Budgeted /Projected Revenues	\$(1.0M)
Total Subsidy	\$5.6M

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

Following the Council’s decision, staff will revise the communication plan to effectively inform the public and stakeholders about the decision and its underlying rationale

5.0 FINANCIAL CONSIDERATIONS

5.1 Abandon the Project

Costs incurred to date on the CPCC project amount to approximately \$15.8 million. Should the current Confederation Park Community Centre (CPCC) project be abandoned, additional costs may be incurred to terminate existing open contracts. Staff will review the termination clauses of the contracts and assess the best possible outcome for the City.

5.2 Redesign and Proceed with the Project at a Reduced Cost

The CPCC project was previously planned to proceed utilizing funds from the Community Benefit Bonus (CBB) Reserve. Following recent legislative changes from the Province, sufficient CBB funding is not available to proceed with this project. Considering this, the project was added to the newly created Amenity Cost Charge (ACC) program.

Based on the proposed alternate design with a cost of \$160 million (including only design & construction), CPCC will be constructed as a standalone facility versus an expansion/betterment of the existing structure resulting in the growth benefit factor changing from 87% to 100%. This revised growth benefit factor will result in the project being almost completely funded by developer funds with only a 1% assist factor from the City.

Furthermore, as outlined in section 4, this project will result in an increased net operating costs that equates to a tax rate increase of approximately 1.6%.

Should Council wish to move forward with this project, the following funding options are available for consideration based on when Council wishes to begin the project.

5.2.1 Option A: Defer Project Until Sufficient ACC Funds Accumulate

The first option is to have the CPCC project funded through the ACC program as intended. While this is a viable option, the ACC program is new, and insufficient funds have been collected to move forward with the project at this time. The timing of when the City will have accumulated sufficient funds is primarily dependent on receipt of revenues from development. As funds accumulate over time, the project cost may increase due to inflation. Therefore, inflationary impacts would be managed through corresponding rate changes in the ACC bylaw to ensure that revenues keep pace with cost increases.

5.2.2 Option B: Commence Project Using Debt Financing

An alternative option, if Council wishes to proceed prior to funds accumulating in the ACC program, is to move forward using external borrowing from the Municipal Financing Authority of British Columbia (MFABC). Multiple borrowing terms are available and outlined in Table 2 below; however, the MFABC only provides funding twice per year, in

April and October. Furthermore, the process for MFABC debt submission and approvals could take up to six to nine months or more.

As per legislation, municipalities may take on annual liabilities servicing of up to 5% of their prior year’s controllable and sustainable municipal revenue amount without approval of the electors (the Approval Free Liability Zone). Beyond this amount, approval of the electors is required. The overall maximum liabilities servicing that a municipality may take is 25% of the prior year’s controllable and sustainable municipal revenue amount. Based on the City’s December 31, 2023 financial results, the “Approval Free Liability Zone” threshold is approximately \$35.2 million for annual liabilities servicing.

Based on the magnitude of the costs provided for this project and that the City is currently debt free, approval of the electors is not required to borrow for the project costs. For illustrative purposes, if Council proceeds with the option of debt financing for this project, the amount borrowed of \$158.4 million over a 20-year amortization period will result in an estimated annual debt servicing of \$12.8 million which will utilize 36% of the “Approval Free Liability Zone” limit. Therefore, any further City initiatives that may require debt financing will need to consider the remainder of this limit and factor in other capital liabilities servicing included in the “Approval Free Liability Zone”.

Table 2: Total Cost of Loan Options

Loan Amount¹	Interest Rate²	Amortization Years	Annual Payable	Total Loan Costs
\$158,400,000	3.98%	10	\$20,121,632	\$201,216,322
\$158,400,000	4.36%	20	\$12,801,208	\$256,024,162
\$158,400,000	4.36%	30	\$10,235,691	\$307,070,720

¹ Based on revised cost of \$160 million with 100% benefit factor, the Developer’s share is \$158.4 million while the City’s share (Assist Factor) is \$1.6 million

² Rates provided by MFABC as of October 29, 2024, and are subject to change

With respect to utilizing debt financing, a revised ACC bylaw will be required to collect funds from the development community and pay back MFABC for the total amount (including interest). For example, with a 20 year loan, the ACC bylaw would need to be revised to collect \$256 million, which reflects the total loan cost. With this option, the program remains funded through the ACC program with the City’s contribution limited to its 1% assist factor (\$25.6 million) with the funding source to be determined by Council and the developers paying a majority of the cost. Finally, it is important to note that if development slows, the City would still be responsible for repayment of the debt despite not collecting sufficient ACC fees. In such a case it would need to repay any payments owed through other funding sources until development progresses. Therefore, it is important for the City to properly assess its ability to service the debt with anticipated ACC revenues when selecting the appropriate loan amortization period. At this time, the anticipated ACC revenues are uncertain as the program is new and may pose an inherent risk on the City’s ability to service the debt.

Should Council pursue debt financing for this project, a future report will be brought to Council to outline further specifics on the overall process and financial implications.

Respectfully submitted,

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Mary Morrison-Clark, General Manager Parks, Recreation and Culture

REPORT CONTRIBUTORS

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