

Executive Summary

This study was prepared to assess the need for, and financial feasibility of, a Multi-Purpose recreation facility for the Town of Bay Roberts. It is understood that the facility will also serve residents of other communities in the region.

The study process included an assessment of local population and socio-economic demographics using the 2006 Canadian Census data; a review of local health indicators; and an assessment of relevant service trends.

Bay Roberts appears to be a relatively prosperous and tightly knit community. Health indicators are not as positive as they could be and there is a desire on the part of those who participated in the study to develop a facility that will contribute to the community's general health and well being.

Health and recreation were not the only objectives outlined by participants for a multi-purpose facility. The opportunity such a facility would present with respect to attraction and retention of residents, as well as opportunities for economic expansion, are also important considerations.

Data gathering included a series of individual interviews, a public meeting, meetings with stakeholder groups, and a community and stakeholder survey. The consultation process identified an aquatic facility, an indoor walking track, and multi-purpose space to support a range of active and passive, sport, recreation and cultural activities as the most desired components.

Both stakeholders and members of the community stressed that a multi-use complex would:

- Encourage new users to participate in recreational activities
- Provide access to facilities currently unavailable within the Town of Bay Roberts
- Attract new residents and business into the area
- Provide opportunities for increasing the health and wellness of Town residents
- Allow more flexible operating times
- Provide additional recreational, arts and culture programming

With regard to the financing of any new complex:

- Most respondents preferred to pay for facility use through 'pay-as-you-go'
- There is however, some support for membership fees
- User groups in general were not opposed to paying higher fees for the use of quality facilities
- School respondents did not support contributing to the capital cost of new facilities, or higher user fees
- 62% of user groups currently not paying user fees would be prepared to pay for the use of quality facilities
- A majority of residents would support a moderate property tax increase to support a new facility
- Residents would prefer that the costs of development be derived through a combination of both property taxes, user fees and memberships
- User groups generally did not support contributing to capital costs, although there is significant support on the part of residents and businesses for fundraising to support development

Financial viability and accessibility for all were the key concerns for most of those involved with the stakeholder meetings and the key informant interviews. Based on the results of the community's input, and with consideration to contextual information gathered at the commencement of the study, a number of recommendations were made with respect to facility needs.

- Recommended Action: No new arenas are recommended at this time. However, at such a time as options are considered to replace other regional arenas, discussions regarding a joint multi-pad arena should be undertaken.
- Recommended Action: Provide an indoor aquatic facility that supports a wide variety of aquatic activities with a strong focus on health, wellness, instructional programming, and recreational use, while at the same time enabling the Town's existing swim club to continue their activities within a new facility.
- Recommended Action: Develop multi-use space suitable for a wide range of active and passive, sport and cultural activities.
- Recommended Action: Consider options and associated costs to incorporate an indoor walking track and incorporate this facility in an appropriate manner.
- Recommended Action: Consider the opportunities to provide fitness space in partnership with other providers in the Community.
- Recommended Action: Provide an open concept lobby area that includes display space that can be used to exhibit local artists, health and wellness information, small scale presentations, and that can serve as a reception space and area for information exchange, community interaction, socialization, and education.
- Recommended Action: Provide a welcoming lobby area with opportunities for sitting, waiting, reading etc.
- Recommended Action: Provide a kitchen adjacent to multi-purpose space suitable for small catering (e.g. meetings - coffee) and to support such activities as nutrition classes that may be provided in this space.
- Recommended Action: Provide a small child minding space suitable for accommodating 12 - 15 young children and two staff. This is not day care space but space to mind young children for an hour or two while their parent or caregiver uses other components of the facility.

The resulting facility concept includes an indoor pool, a large hall/Gymnasium to accommodate active sports and performance space, a suspended walking track above this hall, over 5,000 s.f. of additional multi-purpose space, and space for tenants (if appropriate). Design recommendations support a welcoming and bright lobby for gathering, socializing and watching. Elements such as a climbing wall are recommended in this space.

Capital Costs

The capital cost of construction (at the basic level of LEED® certification), fitments and equipment is approximately \$20,000,000. Increasing to LEED® Silver certification would increase the overall capital costs to just under \$21,000,000. Using estimates for potential funding from other levels of government and community fundraising, this study identified a capital short fall of between \$3M and \$3.8M.

Operating Costs

Operating costs outlined in the report reflect assumptions for staffing costs – wages, hourly rates, number of hours for part time staff, benefit rates for full and part time staff etc.; utility costs for each component of the building; and administrative costs such as marketing, supplies, etc. While the facility will require a program manager, responsible for overall management and administration, it is assumed that this position will be filled internally and this position has therefore not been included in the budget. No assessment has been undertaken of the current workload of existing staff and how overall management of a new facility would affect existing responsibilities. Assuming all existing work tasks remain there may be need to backfill some of those responsibilities with either volunteers or new staff positions – which would of course have an associated cost. On the other hand it may mean that some existing tasks are discontinued. This is something that would need to be assessed in the context of reviewing staff requirements for the new facility.

The annual net operating cost projection of approximately \$182,500 is based on a facility that does not incorporate geothermal technology. Such technology is of course advisable but does come with additional capital costs. A determination of the financial viability of geothermal technology should be assessed with respect to grant implications, capital costs and operational cost savings. Operational cost savings in the long term of such technology could be quite significant although this will not show up on the annual bottom line for a number of years.

With the construction of a new aquatic facility the Town would close the existing Lions Pool, which currently carries an annual cost of approximately \$60,000 resulting in new operating costs in the order of \$122,500. The usage projections for the facility do not reflect capacity use, although many operational costs will be incurred regardless of number of users. This means that with growth in usage the projected annual revenues have room to increase.

An increase to the Town's annual operating deficit of approximately \$122,500 annually would be the equivalent of approximately 0.6 mil, or \$60 annually per \$100,000 of assessed property value.

Combined Capital and Operating Cost Implications

On a property assessed at \$100,000 the combined impact of both the capital and operating costs would be equal to approximately 1.7 mils or \$170 annually per \$100,000 of assessed property value.

Based on the needs and apparent wants of those who would benefit from this facility it is most definitely an appropriate and desirable facility. More discussion with the community is required to assess whether it is affordable.

Recommended Action: With the detailed information now available the Town should initiate and facilitate opportunities for the community to comment on the results and implications of this study.

Options to Phase Development

If the project were to be phased, with either component built initially, and the secondary component added in the future, there are substantial cost implications with respect to both capital and operating costs.

A very rough estimate of the capital costs of each of the two main facility components – the Natatorium and Gymnasium/walking track – including construction, fitments and equipment are each approximately \$10 million. A decision to build one of the sections as a first phase (regardless of which) would reduce the annual tax impact – for capital – to approximately 0.5 mils or \$50-\$55 dollars per \$100,000 of assessed property value. This of course assumes that each component is built with a lobby, common space etc. It is noted that some of the costs associated with the initial phasing are needed regardless of which component is built first. For this reason, while the current space program and capital cost indicates each is approximately half the overall cost, this may in fact not be the case with more capital development required up front.

If the pool is the first phase, a fairly different design would be needed to incorporate a walking track – seen as a key if not the primary component of this facility. This could entail a larger lobby to accommodate walking in the short term. Annual operating cost implications for the aquatic facility (assuming the development of and rental revenue from tenant space) are estimated to be in the order of \$170,000 minus the current \$60,000 cost of the existing pool or annual new operating costs of \$110,000. In this situation the cost per \$100,000 of assessed property value would be about 0.55 mils or \$55 annually.

If the program – auditorium, walking track – areas are built first with all costs and fees related to the aquatic portion removed, the annual net operating costs would be approximately \$150,000. This is slightly higher than the costs outlined for the full facility. In this scenario it is assumed that the existing indoor pool would remain, with no transfer of existing staff or costs. The annual tax impact per \$100,000 of assessed property value would be approximately \$75 or 0.75 mils.

The overall annual cost on assessed property value of \$100,000 of building the aquatic facility first would be approximately \$110.00, while the impact of building the program space first would be approximately \$130.00.

When assessing the available options with regard to phasing the development, there are a number of considerations to be taken into account. As a rule phasing development could potentially increase the capital costs by 10-15% due to the economies of scale attributable to developing the project in its entirety. Contractors are more likely to make more reasonable tenders on a \$20 million project as opposed to two \$10 million projects and both the current and future economic climate has to be taken into account in relation to fuel and material cost inflation.