

NO: R167

COUNCIL DATE: July 11, 2016

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 5, 2016**

FROM: **General Manager – Parks, Recreation and Culture**

FILE: **8000-80**

SUBJECT: **YMCA in Surrey City Centre – Agreement in Principle**

RECOMMENDATION

The Parks, Recreation and Culture Department recommends that Council:

1. Approve the Agreement in Principle (A.I.P.) with the YMCA of Greater Vancouver for the construction and operation of a YMCA Facility and the delivery of Community and Recreation Services in the Surrey City Centre;
2. Authorize staff to continue to work with the Y to advance site selection, facility design, a Partnership Agreement and an Operating Agreement based on this AIP for future Council consideration; and
3. Support a future application by the YMCA for Federal or Provincial capital funding as opportunities may arise.

INTENT

The purpose of this report is to update Council, and seek Council approval of, an Agreement in Principle with the YMCA of Greater Vancouver (the Y) for the construction and operation of a YMCA Facility and the delivery of community and recreation services in the Surrey City Centre. (Attached as Appendix “I”).

BACKGROUND

Surrey City Centre (City Centre) is a rapidly growing and dynamic urban centre within the City of Surrey that will require enhanced community and recreation services in the near future. As the City Centre community grows, its needs will increase. The existing North Surrey Recreation Centre is approaching the end of its functional lifespan and will soon need to be replaced with spaces designed to meet current and future needs.

In 2001, the City and the YMCA successfully partnered to develop the Tong Louie Family YMCA at 14988 - 57 Avenue in Surrey. Today, over 26,000 children, families, adults and seniors are served by this centre which is augmented by some 70 YMCA program sites city-wide. The YMCA has demonstrated that a Y Facility is able to provide a broad range of community and recreation

services that meet the needs of children, youth and families in a manner that supports and enhances City services and leverages City resources.

The implementation of a partnership with the Y for the construction and operation of a Y Community Centre Facility and for the delivery of Community and Recreation Services in the Surrey City Centre is aligned with the Parks, Recreation and Culture Strategic Plan (2008-2017) statement to ... “work with community organizations to assist in the development of program opportunities and facilities”.

In the Five Year Capital Plan 2016 to 2020, Council approved a \$20 million capital contribution to the development of Y in the City Centre.

DISCUSSION

The YMCA and the City of Surrey have been discussing the potential construction of a second YMCA facility in the City over the past several years. The Y and the City have agreed on a number of Principles associated with the potential construction of a second YMCA facility in Surrey. These Principles include agreement regarding: Access; Design and Construction; Funding; Values; Management and Operations; Program Cooperation; Community Involvement; Sustainability; and Equity.

The YMCA retained consulting services to undertake market research for the potential location of a 2nd YMCA facility in two distinct areas of Surrey – City Centre and Clayton. Their research indicates that there is “a greater proportion of City Centre residents in comparison to Clayton residents [who] express interest in a YMCA facility in their community.” The preferred location from the perspective of the YMCA is the City Centre.

There are a number of compelling benefits associated with moving forward with a YMCA Facility in the City Centre.

- **Sustainability of service** – By investing 50% of the capital cost (\$20 million), the City not only achieves the construction of an entire facility but also eliminates the annual budget costs associated with the operating costs for the facility, which the YMCA sustains in perpetuity. The City can invest a capital contribution (\$20 million) up front in return for operating surety over the life of the building.
- **Facility Lifespan Replacement** - The existing City facilities are coming to the end of their functional lifespan, having served the Whalley area for fifty years. With the anticipated development of the City Centre over the next two decades, the growth of community needs and expectations will warrant the replacement of existing facilities in the short term future. Although the new Guildford Recreation Centre and Aquatic Facility are fairly close to the City Centre, the market research indicates that there is sufficient demand for other amenities in City Centre.
- **Cost Savings** – The City leverages its \$20 million dollars capital investment by partnering with the Y and their matching \$20 million contribution.

AGREEMENT IN PRINCIPLE

Optional Approaches

At this point in time, a site centrally located within the City Centre has not been identified for a Y Facility. Preliminary market sounding conducted with a number of developers has indicated an interest from the private sector in potentially having the Y as an amenity within their development. The City intends to issue a Request For Expression of Interest (RFEOI) to determine precisely which private land owners within 400 M of Skytrain Stations in City Centre are qualified and interested in developing a portion of their site for the construction of the Y Facility.

The Agreement in Principle with the Y anticipates that the Parties may move forward according to either of 2 different ownership and cost sharing options. The cost associated with each option varies depending on land ownership (YMCA, City or Joint) and the status of the asset at the end of its functional life. The Agreement states that both Parties are willing to enter into Agreement based on one of the 2 Options. The formal Ownership and Operating Agreement will be determined once the details associated with the land acquisition process have been finalized.

The Facility

While the community will be consulted about the design and vision for the YMCA facility, it is expected that it will be consistent with other recent YMCA family facilities and will provide the following amenities:

- 60,000 square feet of space, with parking;
- An Aquatics Centre with two swim tanks to ensure concurrent uses in more than one water temperature to provide a range of teaching, fitness and rehabilitative programming;
- A Fitness Centre;
- Change rooms, including family change rooms;
- Public spaces and common areas;
- A multipurpose Gymnasium, studios and strength and conditioning zones;
- Multi-purpose rooms to offer a broad range of child, youth and community programs;
- A Family Development Centre that provides programming, resources and support; and
- Administrative, user support and building support spaces.

The preliminary estimate of construction costs for a 60,000 sq. ft. aquatic facility and recreation centre is \$40,000,000. This does not include the value of the land or servicing of the land. The preliminary estimate is based on the following items:

- Cost of construction of 60,000 gross sq. ft. of floor space on an already serviced site within a multi-level, multi-use building at \$500 average cost per sq. ft. equals \$30,000,000;
- Soft costs (including design, furnishings, fittings) at 20% equals \$6,000,000; and
- An allowance for contribution to parking and contingencies is set at \$4,000,000.

Operating and Lifecycle Costs

In both Ownership and Cost Sharing Options the YMCA will be responsible for the operating costs for the life of the facility. It will finance those costs out of operating revenues and whatever other sources of revenue it wishes to use. The City will not be required to pay any portion of the operating costs, nor pay for any operating deficit that may result. This model is currently successfully in place with the Tong Louie YMCA.

Cost Sharing

Under both Ownership Options the capital project costs will be shared by the City and YMCA. The City has allocated \$20 million in the 5 year capital budget, in the year 2019, for its share of these capital costs. The YMCA will kick off a fundraising campaign to raise their portion of the capital funds for the project once the A.I.P is approved and a site has been selected. This may involve one or more applications by the YMCA for Federal or Provincial capital funding.

Land costs are yet to be determined and either will be shared by both parties or carried by one party depending on the future Ownership and Cost Sharing Agreement.

SUSTAINABILITY CONSIDERATIONS

The A.I.P. between the Parks, Recreation and Culture Department and the YMCA allows both parties to implement a service that is core to each of their mandates in a manner that leverages the resources of each organization through a strategic partnership. The result is the delivery of an Aquatic and Recreation Facility at 50% of the capital cost to proceed with a City funded project and the complete elimination of the operating costs to the City to provide Community Recreation and Aquatic services at the Facility. As a result of the Agreement with the YMCA the City will make progress on:

- Corporate Sustainability Objective #8 – Work towards Corporate Financial Sustainability.

At the Community level, the A.I.P. relates to several Sustainability Charter themes, including: the Built Environment, Health and Wellness, and Infrastructure. Specifically, the A.I.P. supports the following Desired Outcomes:

- Built Environment and Neighbourhoods DO:6 - Land is used efficiently and sensitively, and development minimizes the impacts on the natural environment, viewscales, agricultural land and urban wildlife.
- Built Environment and Neighbourhoods DO:8 – The built environment enhances quality of life, happiness and well-being.
 - SD1 – Promote mixed use development in and around Town Centres and along transit corridors.
- Health and Wellness DO:6 – Residents participate in a wide range of recreation and leisure opportunities.
 - SD1 – Connect, facilitate and support people and organizations in innovative alliances for delivery of social, health and wellness programs.
 - SD8 – Promote greater participation in all forms of recreation.
- Infrastructure DO:1 – City facilities and infrastructure systems are well managed, adaptable and long lasting, and are effectively integrated into regional systems.
 - SD1 – Proactively manage community assets to maintain them over the long-term in a state of good repair.

LEGAL SERVICES DIVISION COMMENTS

Staff of the Legal Services Division have reviewed the Agreement in Principle and have no concerns with the Agreement.

CONCLUSION

The A.I.P. between the City and the YMCA of Greater Vancouver lays the framework for a co-operative relationship between the two parties in their mutual pursuit of a new Aquatic and Community Centre in Surrey's City Centre. The A.I.P. allows the two partners to assign resources to the actualization of this initiative, including: the site selection process, the preparation of Ownership and Operating Agreements, public notifications and project design discussions. Subsequent legal agreements will comply with the conditions contained in the A.I.P. and will contain specific details as these are determined over the next several months. Approval of the A.I.P. by Council is recommended.

Laurie Cavan
General Manager
Parks, Recreation and Culture Department

Appendix "I" – A.I.P. – City of Surrey and the YMCA of Greater Vancouver

**City of Surrey and the YMCA of Greater Vancouver
June 2016**

Agreement in Principle (AIP)

**Community and Recreation Services
Surrey City Centre**

PREAMBLE:

Surrey City Centre (City Centre) is a rapidly growing and dynamic urban centre within the City of Surrey that will require enhanced community and recreation services in the near future. This agreement provides a basis to expand and enhance a proven relationship between two trusted partners with a track record of partnership. It focuses on the provision of a new Surrey City Centre YMCA Community Centre (the YMCA Community Centre) which will provide a wide range of programs and services through an agreement between the City of Surrey (the City) and the YMCA of Greater Vancouver (the YMCA) which are individually and collectively referred to as the Parties herein. This Agreement in Principle is about meeting important community needs, delivering services in a sustainable and cost effective way, and leveraging efforts and resources using the unique strengths and abilities that each of the two parties brings to the table.

By signing this agreement the two parties are documenting their joint understanding of and commitment to delivering services based in but not limited to a new YMCA Community Centre. This Agreement in Principle is not legally binding between the parties (except the confidentiality provisions) but instead serves as a statement of the parties mutual understanding with regard to the matters set forth herein. The intent is that, once final details (e.g. site and capital budget) have been confirmed, this understanding will be recast in a Master Agreement and an Operating Agreement which will have legal effect and which both parties will sign.

Both parties support the following understanding and express a desire to implement it.

WHEREAS:

- A. Recreation and community services are recognized by the City and the YMCA as essential components in the overall health and wellness of the Surrey City Centre community.
- B. In 2001 the City and the YMCA successfully partnered to develop the Tong Louie Family YMCA at 14988 57 Avenue in Surrey. Today, over 26,000 children, families, adults and seniors are served by this centre which is augmented by some 70 YMCA program sites city-wide.
- C. As the City Centre community grows, its needs will increase, and the existing aging, limited recreation infrastructure currently provided will need to be replaced, upgraded and enhanced within an environment of rising land values and increasingly decreasing supply of available land.
- D. An agreement involving the City and the YMCA enables the provision of a variety of affordable and accessible programs and services that will meet many of the needs of City Centre residents.

- E. A site within the City Centre needs to be identified to become a physical base for delivering these services. It will be located centrally within the City Centre and be of the appropriate size to accommodate a new Community Centre.
- F. The North Surrey Recreation Centre is approaching the end of its functional lifespan and will soon need to be replaced with spaces designed to meet future needs in a way that the older facilities cannot.
- G. Through research, the YMCA has demonstrated the needs of over 20,000 children, youth and families can be met through a new YMCA Community Centre facility supporting a broad range of community and recreation services designed to enhance City services and leverage City resources.

NOW THEREFORE, the parties agree as follows:

1. THE NEED

Our vision for the new YMCA Community Centre is a facility that will complement, enhance and augment the recreation services provided by the City of Surrey, serving the City Centre community and acting as a catalyst to its evolution as a dynamic, vibrant, future oriented urban centre. The new YMCA Community Centre will:

- Act as an integrating community hub to bring people together;
- In collaboration with other community partners, be a transformational health and social service centre;
- Be a catalyst to community development;
- Develop the capacity of the community.

In keeping with the YMCA's charitable purpose and long-term commitment to Surrey, the new YMCA Community Centre will meet real local needs and respond to real local issues. The new YMCA Community Centre will:

- serve vulnerable children and families in the community;
- prioritize programs serving children and youth during after-school hours;
- help new immigrants participate and engage in their communities;
- address growing community health issues;
- never turn anyone away;
- foster belonging and connection;
- provide a case for philanthropy which allows many to contribute and realize the benefits of having contributed to their community.

2. GOALS

The goals of the relationship embodied in this Agreement in Principle (AIP) are:

- To help a generation of children and families realize their potential;
- To facilitate a healthy and engaged City Centre community;
- To make a positive impact on real social issues facing the community;

- To recognize and leverage the strengths and unique abilities of both parties while seamlessly delivering quality programs and services to the community;
- To continue to enhance and strengthen the relationship between the parties, building on the success of our existing partnership;
- To use this AIP as a template to guide other service delivery partnerships within the City;
- To pursue innovative opportunities to collaborate with service providers to advance initiatives focused on community health and prevention;
- To support the City Centre Development Plan;
- To leverage volunteer contributions and enhance volunteer leadership;
- To engage the community in fulfillment of all above goals.

Each of the parties will act as separate, equal and independent entities, but will collaborate and work together, leveraging each other's skills and abilities to deliver more services more cost effectively and more sustainably than each can achieve independently.

3. PRINCIPLES AND VALUES

Programs and services will be provided in the new YMCA Community Centre in a manner which reflects the following fundamental principles and values which amplify and more fully describe the community's expectations.

- **Sustainability** - socially, economically, fiscally, organizationally, operationally and environmentally;
- **Inclusivity** – accessible by all local citizens with their diverse backgrounds, needs and abilities;
- **A sense of belonging** - a place where everyone will feel welcome, valued, and have a sense of belonging and the responsibility that comes with that;
- **Volunteerism** - will be valued, celebrated and incorporated into the service delivery;
- **Partnership** – is valued and the strengths of each party are leveraged in a synergistic way;
- **Responsiveness** – citizen focused and responsive to local needs.

4. SERVICES PROVIDED WITHIN THE NEW YMCA COMMUNITY CENTRE

Through 130 years of service to BC, the YMCA has demonstrated its capacity to be truly responsive to changing community needs. To this end, the YMCA offers multiple ways to access its broad range of recreation and community programs and services.

- **Access Options:** Include annual participation (typically paid monthly), course registration on a course by course basis, day passes for use of the entire facility and swim passes for use of the pool. Fees are designed to be affordable for families and based on the ability to pay principle. In keeping with our commitment to inclusiveness, no one is ever turned away from the YMCA.
- **Programs and Services:** YMCA programs serve all ages and abilities, including a full range of aquatic services, preschool and child enrichment programs, sports and recreation, individual conditioning, youth leadership, day camps, family activities and older adult programs.

- **In addition to the above** the YMCA:
 - Makes facilities available to community organizations at minimal or no rent (as available);
 - Works collaboratively with many non-profit and public organizations in the provision of community services;
 - Seeks to advance opportunities with SFU and the Fraser Health Authority in support of student engagement, access and integration of community health and social service amenities linked to but possibly separate from the new YMCA Community Centre;
 - Provides reciprocal rights (with a valid YMCA annual pass) to use any other YMCA in the world including the Tong Louie YMCA in Surrey;
 - Operationally, the YMCA is open 364 days a year providing service approximately 18-hours per day.

It is anticipated that there will be at least 20,000 residents served directly by their use of the new YMCA Community Centre in any given year, and that total facility visits will be in the range of one million per year.

5. MODES OF ACCESS

Both the City and the YMCA provide a variety of forms of accessing community recreation services in order to maximize choice and meet the broadest possible range of access needs.

Those options are:

	City	YMCA
Annual passes (paid annually or monthly)	✓	✓
Monthly passes (purchased by the month or months)	✓	✓
Course/program registration (paid at time of registration)	✓	✓
Day passes (good for entire facility for one day)	✓	✓
Session passes (drop in during a public session)	✓	✓ *

* At the Tong Louie YMCA, drop in swim passes are available for no less than 30 hours each week in the swimming pool at a fee equal to or lower than City operated pools. This practice will continue at the new facility.

6. SUPPORT FOR THOSE WHO CANNOT AFFORD THE POSTED RATES

While the City and the YMCA have different funding models for their facilities (i.e. the City's facilities are subsidized by taxpayers, while the YMCA facilities are fully self-supporting) both have strategies to ensure service to those who do not have the means to afford the posted user rates as referenced above. The City has a variety of special strategies including free sessions, low cost sessions and a Leisure Access Program whereby discounts can be arranged to those that demonstrate financial need. The YMCA also has a commitment to not turn away anyone who wishes to use the Y facilities but cannot afford to do so. Both parties forgo potential revenues each year on these strategies and, in both cases, a very significant proportion of those using the respective facilities are doing so at rates far below the posted mainstream fees. Both parties are committed to continuing such practices to ensure that their services are as fully accessible as possible.

7. NEW YMCA COMMUNITY CENTRE SPACES AND SERVICES

It is anticipated that the spaces within the new facility will include:

- An Aquatics Centre with two swim tanks to ensure concurrent uses in more than one water temperature, with services concentrating on fun/recreational swimming, learn to swim lessons, exercises in water, lap swimming for fitness, as well as therapy and rehabilitation;
- A Fitness Centre with fixed cardio and strength equipment and areas for floor exercise;
- A Family Development Centre for gathering, service delivery and referrals to other resources;
- A multipurpose Gymnasium;
- Smaller multipurpose and program spaces suitable for a wide variety of programs and services primarily focused on children and youth;
- Administrative, user support and building support spaces as required

In addition to the above core spaces, depending on final design and budget, there may also be a walk/run track and a climbing wall.

Spaces within the new YMCA Community Centre will total about 60,000 sq. ft. of gross floor area and will be located within a highly visible building, in the City Centre with ground floor access to attract positive attention, encourage entry and animate the site.

Opportunities to explore facility and service development with partners such as Fraser Health and Simon Fraser University and the potential integration of the Community Centre with a private sector development may lead to synergies of use and value added spaces and joint-use spaces such as parking, loading bays, child care spaces, educational spaces or health services.

While it would be ideal to locate all spaces on a single level, it may also be possible to locate the spaces on two or three levels within a multi-use, multi-level building. Planning will incorporate efficient and convenient access to the Skytrain and other forms of public transit.

8. THE BUSINESS CASE

A. GUIDING ASSUMPTIONS

Total project costs associated with the proposed Community Centre are defined by four distinct elements:

Land:	Costs associated with securing properly serviced land in the City Centre for the new facility
Capital Costs:	All costs associated with the construction of the new facility including 'soft' costs for design, zoning, permitting, development approval and Development Cost Charges as well as any off-site services that are required as a result of the development approval process,
Operational Costs	All costs associated with the operation and maintenance of the new facility over its life
Lifecycle costs	Periodic reinvestment in the facility required to ensure that it continues to remain functional and attractive over its 40 year life

Many details of the project and its capital costs cannot be estimated until a site is confirmed and a conceptual design is complete. Once both are in place a detailed costing analysis will provide the basis for the overall capital budget. In consideration of the aforementioned, the following defines the overall business case framework and options for ownership and cost sharing.

B. SITING

The location of the YMCA Community Centre is a critical factor influencing the YMCAs capacity to be economically and operationally sustainable. Specific market research has correlated adjacency to the City Centre Skytrain stations with operational viability. In order to identify an appropriate site, the City may issue an RFEI or otherwise explore and gauge private sector, and possibly educational institution, interest in a mixed-use development project that includes the YMCA Community Centre. Alternatively, the City owns various pieces of land in the City Centre which might be considered for the siting of the YMCA Community Centre.

In the event the City is unable to identify a suitable site acceptable to the YMCA, the YMCA will have the option of pursuing other sites to purchase within the City Centre, consistent with the location criteria, subject to acceptance by the City. The City and the YMCA may undertake other means to identify an appropriate site.

C. THE CAPITAL COSTS

While a firm capital cost cannot be confirmed until the site is chosen and the cost analysis referred to in the Preamble is complete, the current general estimate of the total capital cost of the project, not including land, is estimated to be \$40,000,000 as follows:

- Cost of construction of 60,000 gross sq. ft. of floor space on an already serviced site within a multi-level, multi-use building at \$550 average cost per sq. ft. equals \$33,000,000;
- Soft costs including design, zoning, permitting, development approval, DCCs, furnishings, and fittings estimated at \$4,000,000;

- An allowance for contribution to parking, site work and contingencies is set at \$3,000,000.
- Although an allowance has not been calculated, it is recognized that the capital costs of the project include any off-site services that may be required as a result of the Development Approval process.
- It is recognized that the value of the land for the project (no matter which Cost Sharing Option pertains) will be based on market value for appropriately zoned, serviced land in the City Centre.

D. OWNERSHIP AND COST SHARING OPTIONS

The parties agree that, once a site has been identified that is acceptable to both parties and once this AIP is signed, two options will be pursued and contributions to total project costs will be shared by the City and YMCA on the following basis.

Option A: YMCA Ownership of the Site

The YMCA will purchase the site (from the City or from the private sector) at Fair Market Value and will own the site on which the new YMCA Community Centre will be located.

In Option A:

The City would provide or will arrange for a third party to provide a serviced site for purchase by the YMCA (not included in the current capital estimate). The land may be currently owned by the City or by a third party who has agreed to provide land for the YMCA Community Centre.

The City would be responsible for:

- none (0%) of the land costs;
- 50% of the Capital and Development Costs, (currently about \$20 million) including 50% of the 'soft' costs associated with design, rezoning, development approval, building permits and development cost charges;
- none (0%) of the Operational Costs (which also means none of the Lifecycle Costs); and
- Council endorsement of this project in support of the YMCAs application for Federal or Provincial capital funding as opportunities may arise.

Subject to annual consideration and approval by City Council, the City will provide municipal and school district annual tax relief in the form of a permissive tax exception.

In Option A:

The YMCA would be responsible for:

- 100% of the land costs;

- 50% of the Capital and Development Costs (currently about \$20 million) including 50% of the 'soft' costs associated with design, rezoning, development approval, building permits and development cost charges; and
- 100% of the Operational and Lifecycle Costs (representing approximately \$60 million over the life of the facility).

The YMCA will provide Fair Market Value for the site (appraised at its highest and best use), paid to the City or the third party landowner of the appropriate site.

The YMCA will be responsible for all operating costs and for all lifecycle maintenance costs for the new Community Centre for the life of the facility. It will finance those costs out of operating revenues and other sources of revenue such as charitable donations. The City will not be required to pay any portion of the operating costs, nor pay for any operating deficit that may result.

On a comparable basis, a City operated facility of this size and scope would result in an annual operating subsidy of approximately \$900,000 (with operating expenses of about \$2.9m and operating revenues of about \$2m) and an annual lifecycle allowance of approximately \$600,000 for a total of about \$1.5 million per year. Assuming a facility life of 40-years, the total subsidy would approach \$60 million in 2015 dollars. In consideration of this project, the City would incur savings of this amount given the YMCA's obligation to fully fund operations.

At signing of the Master Agreement, the YMCA will project-manage the development of the new Community Centre and will be responsible for any cost over runs associated with unforeseen increases in the project capital budget to the extent the YMCA is responsible for managing the costs with the development partners.

Option B: Joint Ownership of the Site

The YMCA and the City will agree on an appropriate site and will then jointly own the property on which the new YMCA Community Centre will be located.

In Option B:

The City would provide or will arrange for a third party to provide a serviced site for joint purchase by the City and the YMCA (not included in the current capital estimate). The land may be currently owned by the City or by a third party who has agreed to provide land for the YMCA Community Centre.

The City would be responsible for:

- 50% of the land costs;
- 50% of the Capital and Development Costs, (currently about \$20 million) including 50% of the 'soft' costs associated with design, rezoning, development approval, building permits and development cost charges; and
- none (0%) of the Operational Costs ;
- 50% of the Lifecycle Costs; and
- Council endorsement of this project in support of the YMCA's application for Federal or Provincial capital funding as opportunities may arise.

Subject to annual consideration and approval by City Council, the City will provide municipal and school district annual tax relief in the form of a permissive tax exemption.

The City will provide a contribution towards the lifecycle maintenance (currently 50% of the lifecycle maintenance cost is estimated at about \$300,000 per annum in 2016 dollars) to the YMCA who is responsible for managing lifecycle costs and expenditures over the life of the building. Over 40 years, that contribution would equal about \$12,000,000. The City may choose to make a one-time payment up front of approximately \$4.4 million based on the Net Present Value of \$12 million spent in years 10 – 30.

In Option B:

The YMCA would be responsible for:

- 50% of the land costs;
- 50% of the Capital and Development Costs (currently about \$20 million) including 50% of the 'soft' costs associated with design, rezoning, development approval, building permits and development cost charges; and
- 100% of the Operational Costs;
- 50% of the Lifecycle costs.

The YMCA would be responsible for all operating costs, but would share the lifecycle costs with the City which would jointly own the site and the building.

At signing of the Master Agreement, the YMCA will project-manage the development of the new Community Centre and will be responsible for any cost over runs associated with unforeseen increases in the project capital budget to the extent the YMCA is responsible for managing the costs with the development partners.

OWNERSHIP AND COST SHARING OPTIONS – SUMMARY CHART

		OPTION A YMCA Owns Land	OPTION B Joint Land Owners	TONG LOUIE	
LAND COSTS		100% YMCA at market value	50/50	50/50	LAND COSTS
ON AND OFF SITE SERVICING COSTS		100% YMCA	50/50	50/50	ON AND OFF SITE SERVICING COSTS
CAPITAL & DEV COSTS		50/50	50/50	75Y/25City	CAPITAL & DEV COSTS
SOFT COSTS (Design, permits, DCCs)		50/50 YMCA	50/50	75Y/25	SOFT COSTS (Design, permits, DCCs)
OPERATING COSTS		100% YMCA	100% YMCA	100% YMCA	OPERATING COSTS
LIFECYCLE COSTS		100% YMCA	50/50	100% YMCA	LIFECYCLE COSTS
STATUS AT END OF LIFE		YMCA Owns Land & Bldg after 60 yrs	50/50 Land 50/50 Bldg	50/50 Land 50/50 Bldg	STATUS AT END OF LIFE

E. BENEFITS

There are a number of compelling benefits to this AIP that speak to why it is important to formalize this agreement and why it is important to do so now. These benefits include:

- **Support for the City Centre Plan** – That Plan calls for the creation of a livable, complete community. This agreement forms an anchor to and catalyst for that to happen.
- **Alignment of interests** – An agreement between two parties to provide a service works best where the mandates and “drivers” for decision making are aligned. That is the case in this agreement. Both parties have the same interests in meeting community needs and responding to real community issues and, this alignment has been proven with the high profile success of the City/YMCA relationship on the Tong Louie YMCA. That success illustrates the alignment of values and drivers and thereby reduces the risk of expanding the agreement to another facility.
- **Sustainability of service** –The YMCA delivers the promise of operating sustainability over the life of the facility. Knowing that the lifecycle cost of a Community Centre over a 40 year lifespan represents a very significant part of the operating cost, the City can, for a relatively small initial investment achieve a substantial return of operating surety over the life of the building.
- **Seizing the opportunity** - There are several reasons why this project should happen now.
 - The existing City facilities are coming to the end of their functional lifespan, having served the Whalley area for forty years. With the anticipated development of the City Centre over the next two decades, the growth of community needs and expectations will warrant the replacement of existing facilities in the short term future.
 - Land in the City Centre is becoming more and more scarce, and its long term use needs to be designated now with a vision for the future.
 - The new YMCA project will consider synergies with Fraser Health and SFU and other service providers within the City Centre. This collaborative approach presents an opportunity for innovative services and community benefit.
 - The YMCA has demonstrated a high degree of community readiness for this new facility including a strong case for community philanthropic support.

The YMCA has ambitious plans for growth and investment focused on the Fraser Valley over the next decade. As an organization committed to Surrey, this project is a top priority.

9. NAMING RIGHTS

As part of a proven approach to capital fundraising, the YMCA requires the rights to name the new YMCA Facility and any parts thereof and will have the rights to signage to ensure that it is visually recognizable as a YMCA and that recognizes major donors. However, in recognition of the contribution by the City, the YMCA agrees to:

- Recognize “City of Surrey” in the naming of the facility on the outside of the building in corporate logo, name, and colours, even if a donor contributes a naming gift;
- Recognize the City as a founding partner in the development of the YMCA Facility within the facility and on all relevant marketing in print or electronic format; and

- Ensure that the mutual expectations of the City and YMCA are met in the facility naming.

10. PUBLIC ENGAGEMENT

It is essential that the community be involved in the planning, implementation and operation of the new Community Centre. The YMCA will take the lead and the City will provide support in managing an effective public engagement strategy focused on the planning and design of the new Community Centre and thereafter, its ongoing operation and service delivery.

11. PROGRAM AND SERVICE COOPERATION AND COORDINATION

The City and the YMCA will coordinate their services to achieve a complementary approach within and for the community. Also, the YMCA will establish a community-based program and service advisory body and the City will have representation on that body. Nothing in this AIP or the eventual Master Agreement will prevent either party contracting with the other party for the delivery of services where it is mutually desirable by separate agreement. In fact, both parties see significant potential for reciprocal initiatives that will enhance services to the Community and opportunities to do so will be explored continuously. The City will coordinate marketing and advertising of all available leisure and community services for the Community, working with the YMCA as a partner in service delivery.

12. TIMELINES

While the specifics of the site and its eventual ownership still need to be negotiated, the current understanding of the order of things that need to be done to open the new YMCA Community Centre is summarized as follows:

Steps along the way to a new Community Centre	Milestone
1. The AIP is signed	2016
2. The City issues an RFEI seeking partners interested in a potential mixed-use project, evaluates proposals and engages YMCA in decision making on next steps	2016
3. The YMCA completes negotiations with any other service delivery agents that it wishes to work with (e.g. Regional Health Authorities, SFU, etc.)	2016-17
4. A site is chosen, the details of option A or B are worked out	2016
5. YMCA organizes and manages its capital campaign	2016-2020
6. Schematic design is completed and construction estimate confirmed	2017-18

Steps along the way to a new Community Centre	Milestone
7. Final Master Agreement is signed	2017-18
8. Working drawings are prepared and construction commences	2018-19
9. Commission the new Community Centre	2020

13. NO INTENT TO LIMIT OTHER SERVICE RELATIONSHIPS

Formalizing the relationship between the YMCA and the City in no way excludes or prevents the YMCA from executing other relationships with other service providers with respect to the new YMCA Community Centre.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 12th day of July, 2016.

By our signatures below, we document our understanding and support for the intent expressed herein.

Signed on July 12th, 2016

On behalf of the City of Surrey

Signed on July 12th, 2016

On behalf of the YMCA of Greater Vancouver
