

REPORT TO THE SOOKE & ELECTORAL AREA PARKS AND RECREATION COMMISSION MEETING OF TUESDAY, SEPTEMBER 03, 2024

SUBJECT Capital Project Funding - SEAPARC

ISSUE SUMMARY

To request approval for borrowing to fund capital projects under the Sooke & Electoral Area Parks and Recreation Commission service.

BACKGROUND

Sooke Skate Park

In 1997, the Rotary Club of Sooke initiated the construction of the Sooke Skate Park, in partnership with the Sooke & Electoral Area Parks and Recreation Commission (SEAPARC) and School District 62. The Rotary Club agreed to build the park and the Commission agreed to lease the site from School District 62 and maintain the park upon its completion. The Sooke Skate Park is currently at end of life. The current land lease is month-to-month. Long-term lease negotiations with the school board are underway.

The existing skate park structure provides very limited opportunities for an incremental renovation approach. The feature dimensioning and layout of the skate park do not meet modern design standards and the steel and concrete installation is not compliant with modern specifications. There is extensive surface deterioration. Repair of the skate park is not a financially viable option.

Staff have contracted a consultant, Radius Skate Parks, to engage with residents to establish a concept design for replacement of the Sooke Skate Park. The next steps for replacement would involve technical design, demolition and construction of a new skate park. Existing drainage issues would be addressed as part of the work. The estimated cost for detailed design and construction is \$1,100,000 and would extend the service life of the skate park by approximately 25 years. Skate Park replacement requires supplementary financing to fund the project. This would need to be grant funds or new debt. Staff have been unsuccessful in identifying applicable grant funds over the past five years.

Heat Recovery System – Phase One

In 2022, SEAPARC emitted 245 t CO₂e, the second-largest emission emitter, accounting for 16% of the CRD's facility greenhouse gas (GHG) emissions. To meet the climate targets of the CRD and the District of Sooke, projects have been identified in SEAPARC's 20-year capital plan to reduce emissions.

A 2022 building condition assessment completed by engineering consultant, WSP, forms the base of the 20-year capital plan for SEAPARC. This assessment identified expected end of life of several key components between 2024 and 2030, including:

- evaluation of arena & pool mechanical systems (2024)
- replacement of pool boiler system circulation pumps (2026)

- replacement of pool dehumidifier heat exchangers (2026)
- replacement of pool/admin air handling unit and air conditioning condenser (2026)
- overhaul of pool dehumidifier unit (2030)

When analyzing these required renewals/replacements with a lens on the identified climate goals, staff have planned to initiate a heat recovery project, with detailed design in 2025 and construction in 2026 in the capital plan. Cost of this project is estimated at \$2,200,000 with a Class D estimate and will be further refined once detailed design is complete in 2025. This heat recovery project will have a significant improvement in the GHG emissions at SEAPARC Recreation Centre and will integrate pool and refrigeration systems, domestic hot water and HVAC. The estimated GHG reduction is 120 t CO₂e.

This project requires new debt to proceed, per the approved 2024-2028 budget.

As the SEAPARC service area does not include the entire Juan de Fuca electoral area, there are only two options to obtain participating area approval for borrowing, either through the staff recommended alternative approval process or by referendum/elector assent, which is very costly to conduct.

ALTERNATIVES

Alternative 1

That staff be directed to prepare a new loan authorization bylaw to fund the Sooke Skate Park replacement and phase one of the heat recovery project for SEAPARC Recreation Centre, with electoral approval obtained through the alternative approval process.

Alternative 2

That staff report back on the timeline and financial implications related to the closure and decommissioning of the Sooke Skate Park.

Alternative 3

That this report be referred back to staff for additional information.

IMPLICATIONS

Alignment with Board & Corporate Priorities

The SEAPARC Recreation Centre heat recovery project is critical to support the CRD Board and Corporate Priority on climate action and environment, reducing greenhouse gas emissions. The Sooke Skate Park aligns with the Corporate Priority to provide affordable recreation opportunities that improve livability. The skate park is a free recreational facility, open to all ages, and includes infrastructure for skateboarding, biking and scootering.

Alignment with Existing Plans & Strategies

The 2015-2030 SEAPARC Strategic Plan recommends replacement and expansion of the Sooke Skate Park. The skate park renewal is identified in 2024 in the 5-year capital plan. The heat recovery project is included in the CRD's Climate Action Strategy, and also approved in the 5-year capital plan.

Climate Action Implications

The SEAPARC Recreation Centre heat recovery project is critical to reach the corporate target to reduce greenhouse gas emissions by 45% by 2030. The estimated GHG reduction is 120 t CO₂e and will reduce SEAPARC Recreation Centre emissions by almost 50%. This project will also significantly reduce domestic water use as it is currently required in the cooling process for the refrigeration plant.

Financial Implications

The estimated cost for the skate park including detailed design and construction is \$1,100,000 and would extend the service life of the skate park by approximately 25 years.

The heat recovery project is estimated to cost up to \$2,200,000. Costs will be further refined once detailed design is complete in 2025. The budget estimate for standard replacement of certain heating and cooling components identified in the building condition assessment are estimated at \$500,000 and would be incorporated in the heat recovery project. This project is estimated to save approximately \$300,000 in operating costs over the lifetime of the equipment.

In the approved 5-year capital plan in the 2024-2028 budget, the skate renewal was proposed to be funded by capital reserves (\$250,000) and grants (\$750,000) but grant funding is not materializing due to unavailability of appropriate programs. The heat recovery project was proposed to be funded by new debt (\$2,050,000) and grants (\$150,000).

The capital reserve balance is estimated to be \$985,000 at the end of 2024 and cannot support these projects.

The proposed borrowing for both projects is \$3,150,000 (\$1,100,000 for skate park replacement, \$2,050,000 for heat recovery). The timeline to secure debt is approximately 8 months, as a loan authorization bylaw will need to be passed and elector approval is required.

Based on borrowing of \$3,150,000 million and the forecasted borrowing rate of 4.8% over a 15-year repayment period, the annual debt service cost is estimated at \$315,000. This would represent an approximate increase of 5% in the 2027 base budget. To minimize the effect on the current operating budget, short-term financing would be utilized through the design and construction phases of the projects and long-term debt issue would be planned for spring 2027 when the projects are complete. The short-term borrowing costs will have minimal impact on the 2025 requisition.

Due to these two projects, an annual increase in the transfer to the capital reserve fund is recommended, based on the CRD capital reserve guidelines, at an estimate of between \$25,000-\$75,000 and would start in 2027, once the projects are completed.

Existing SEAPARC debt for weight room equipment is retiring in 2024 and the Throup Road (golf course) property debt will be retired in 2032 (payments of approximately \$54,000 annually).

Service Delivery Implications

The current skate park is at end of life and requires replacement to meet the needs of the

community. There are safety concerns with the current deficiencies at the skate park that require future closure if the skate park is not replaced. Repair is not a financially viable option.

The heat recovery project will improve moisture in the air for the pool facility, reducing the humidex in the natatorium. This will improve the working conditions for the staff in that area. Pending further design, it may be an option to incorporate cooling for arena and/or pool, providing user comfort and climate resiliency.

Social Implications

The Sooke Skate Park provides opportunities for free recreational activity and space for social connectedness in the community.

CONCLUSION

The Sooke Skate Park is at end of life and requires replacement. Several mechanical systems are nearing end of life at SEAPARC Recreation Centre and have been incorporated into a heat recovery project to replace/renew systems while reducing greenhouse gas emissions to meet corporate targets. Borrowing in the amount of \$3,150,000 is required to proceed with these projects.

RECOMMENDATION

The Sooke & Electoral Area Parks and Recreation Commission recommends to the Capital Regional District Board:

That staff be directed to prepare a new loan authorization bylaw to fund the Sooke Skate Park replacement and phase one of the heat recovery project for SEAPARC Recreation Centre, with electoral approval obtained through the alternative approval process.

Submitted by:	Melanie Alsdorf, Manager, SEAPARC Recreation
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