



Corporate NO: C385

Report COUNCIL DATE: Jan. 27, 1998

COUNCIL-IN-COMMITTEE

TO: Mayor Council DATE: January 12, 1998

FROM: General Manager, Parks and Recreation FILE: 8035-001

SUBJECT: Request for Funding from YMCA

RECOMMENDATIONS

1. That the provision of \$7.5 million to the YMCA not be given a higher priority than funding support for the community recreation projects identified in the Master Plan for the six Town Centres in the 10 Year Capital Budget.
2. If the decision is to support the YMCA proposal at the 152nd Street and Highway #10 site, the City should proceed to acquire the land, with the parcel held until the YMCA has raised sufficient funding to proceed or for a maximum of five years.

OR

If the decision is not to support the YMCA proposal at the 152nd Street and Highway #10 site, that staff continue to explore other partnership opportunities with the YMCA.

BACKGROUND

The YMCA of Greater Vancouver has requested that the City of Surrey provide \$7.5 million of the \$15 million needed to construct a 65,000 square foot YMCA at a site on 152nd Street and Highway #10. The YMCA would fund raise approximately \$5.0 million of their share and borrow the remaining \$2.5 million to be repaid through operational revenues. The City contribution would be used to purchase the land (\$1.42 million) and to offset construction costs (\$6.08 million). The request for funding support is the result of two years of discussions regarding a potential partnership project.

The concept of a partnership was initiated in late 1995 when staff were directed by Council to explore opportunities with the YMCA. A series of meetings were held in 1996 and 1997 to examine the principles for such a partnership, the scope of the potential project, the site options, and funding options. Based on their market survey, the YMCA selected the 152nd Street and Highway #10 site in November 1996, although staff

continued to discuss other options such as the City Centre and Guildford. The YMCA made two presentations to Council; these were on March 4 and October 28, 1997. As a result of the October Council-in-Committee presentation, staff were requested to bring back a report to Council.

DISCUSSION

Scope and Public Access: The YMCA is proposing a 65,000 square foot facility that would include a 25 metre pool, gymnasium, fitness area, squash/racquetball courts, multi-purpose program spaces, and child care centre. In terms of public access, the YMCA would operate the facility within their normal annual membership model, but would also provide 30 hours a week of public swim access to the general public at the same rate charged by the City of Surrey at our indoor pools. The specific hours have not been designated, but the YMCA have indicated that the times would be comparable to City public swim schedules. The YMCA would also allow for school and other community groups to use or rent spaces at their normal Y rates.

Other forms of public (non-membership) access fall within the basic YMCA model. People would have access to registered programs with members receiving preferred rates and advanced registration times over non-members. Those non-members wishing to use other components of the facility for drop-in use (weight room, aerobic classes, etc.) would pay a day use fee of \$9.00 for adults. While this fee is considerably higher than the adult City fee of \$3.55, the YMCA does focus on encouraging regular users to become members so that they can achieve their operational fiscal targets.

Site Requirements: The YMCA has requested that the City purchase the property at 152nd Street and Highway #10 for the negotiated price of \$1.42 million. The City would then be asked to sell the land to the back YMCA for \$1.00. The Solicitor has identified that any agreement with the YMCA should contain a clause that would convey the land to the City for the same price of \$1.00 if the agreement is defaulted or upon expiry, or that the City simply lease the land to the YMCA and retain ownership. The Solicitor also identified that the City should not convey capital construction funds to the YMCA until they have demonstrated that their portion of the capital funding is in place. Comments from the Engineering Department are attached.

Level of Contribution: There are 64 YMCAs or combined YMCA/YWCAs in Canada. Most of these buildings were constructed without direct capital contributions by municipalities of a significant nature. YMCAs and YWCAs are, however, often assisted with relief of the municipal portion of property taxes.

When municipal contributions have been made, the most common form has been the donation of already owned civic land. Some cities have also assisted to obtain capital grants (provincial and federal/provincial) which the Ys cannot directly apply for. In a small number of situations, cities have made a significant capital contribution of up to 50%. Cities that have made a large capital contribution to a Y project have generally done so when the Y is the primary or only recreation facility to serve a community area. The \$7.5 million requested from the City of Surrey would be the largest such grant ever made.

If the City decides to proceed with the partnership and to provide funding to the YMCA, it should clarify its level of contribution. The YMCA has asked for \$7.5 million, but the City can decide on a reduced level of support ranging from the contribution of land only up to the full contribution of \$7.5 million. The City should not, however, convey any substantial funding until the YMCA has achieved the required fundraising level (their business plan shows that they can carry and retire a debt load of up to \$2.5 million). The City could, however, purchase the land immediately and hold it until the project is ready to proceed. If the YMCA is unable to achieve its fundraising targets, the City could then use or dispose of the land in the most appropriate manner.

Relative Priority of Project: The need for a YMCA was not addressed in the 1995 Master Plan. While

having considerable merit, the Parks and Recreation Department does not believe that it will have greater public benefit, or should receive funding priority, over the key facility requirements identified in the Master Plan and reflected in the 10 Year Capital Budget. These projects include:

- a multi-purpose community recreation centre for Guildford;
- the Fleetwood indoor pool complex;
- multi-purpose community recreation centres in both Cloverdale and South Surrey;
- addition of 25 metre lap pool, gymnasium, and multi-purpose spaces to the Newton Complex;
- addition of a leisure pool and multi-purpose spaces to the North Surrey Community Recreation Centre; and
- the addition of ice surfaces, either within the 3-P project at Fleetwood or at the existing arenas.

The General Manager of Finance and Technology has indicated that the provision of \$7.5 million to the YMCA would reduce the Uncommitted Reserves to \$29.5 million. This amount is after the \$17 million for the Fleetwood aquatic project has been deducted.

The YMCA should be considered as an addition to the above projects, and not as an alternative. A YMCA in its proposed location would potentially alleviate the need to construct an indoor pool as part of the Cloverdale Community Recreation Centre for an even greater period of time than already afforded by the existence of the proposed Fleetwood aquatic complex. The YMCA would not, however, reduce the requirements for any of the other projects or project components for the six Town Centres. It would serve to compliment these facilities and extend the range of opportunities available in Surrey.

The YMCA is an outstanding organization that provides excellent services, not only to members, but also to those less fortunate in the community and overseas. The YMCA proposal is for a regional facility that is intended to serve all of Surrey and potentially other South Fraser Valley communities. It would also be used as a springboard for services in other areas of Surrey. The YMCA of Greater Vancouver already has a history of providing outreach services in Surrey.

SUMMARY

The YMCA is an outstanding organization and the existence of a Surrey YMCA would be of benefit to the community. Their request for \$7.5 million must be considered, however, in terms of its relative priority to other civic projects of a recreational and non-recreational nature. If the City decides to proceed with the partnership, the land can be acquired by the City and held until the YMCA has achieved the required level of fundraising required to allow the project construction to proceed.

Don Hunter, General Manager

Parks and Recreation Department

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