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The Corporation of **THE CITY OF NORTH VANCOUVER**
STRATEGIC & CORPORATE SERVICES DEPARTMENT

REPORT

To: Mayor Linda Buchanan and Members of Council

From: Mike Friesen, Manager, Strategic Initiatives

Subject: MICKEY MCDOUGALL FACILITY & FLICKA GYMNASTICS – NEXT STEPS

Date: July 7, 2021 File No: 02-0800-30-0013/1

The following is a suggested recommendation only. Refer to Council Minutes for adopted resolution.

RECOMMENDATION

PURSUANT to the report of the Manager, Strategic Initiatives, dated July 7, 2021, entitled “Mickey McDougall Facility & Flicka Gymnastics – Next Steps”:

THAT staff be directed to proceed with detailed design and construction of Mickey McDougall facility improvements, as outlined in the report below, to facilitate the use of the facility by Flicka Gymnastics;

THAT the transfer of \$420,000 from “Harry Jerome Community Recreation Centre” (Project #45232) to Mickey McDougall (Project #45338) be approved and the funding returned to the “Harry Jerome Community Recreation Centre” project as part of the 2021 Revised Financial Plan process;

THAT should any of the above amounts remain unexpended as at December 31, 2024, the unexpended balance shall be returned to the credit of the Civic Amenity – Harry Jerome Fund;

THAT staff be directed to submit a grant application in the amount of \$2.99M to Infrastructure Canada’s “Green and Inclusive Community Buildings Program” in support of a medium retrofit project for Mickey McDougall facility focused on additional accessibility and sustainability improvements;

THAT funding for ongoing capital maintenance and repairs of the Mickey McDougall facility as outlined in the report below be referred to the 2022 Capital Plan process;

THAT Council authorize staff to negotiate a Memorandum of Understanding with Flicka Gymnastics Club setting out the terms and conditions by which the City will grant a Community Facility Lease for the Mickey McDougall building that will address the following key terms:

Term 1: Lease Area - Flicka will lease the entire facility (approximately 22,500sq.ft over two storeys);

Term 2: Term of Lease - The lease will be for a period of 10 years;

Term 3: Renewals - Two renewal options of 5 years each will be included;

Term 4: Rent - Rent will be nominal (\$10+GST for the term and any renewal terms);

Term 5: Property Taxes - Flicka would be responsible for property taxes if not exempt. Flicka is responsible to submit application for a Permissive Tax Exemption;

Term 6: Utilities, Maintenance, and Repairs - Utilities, maintenance, and repairs are generally the responsibility of Flicka, with the City maintaining responsibility for major repairs and replacement of building systems;

THAT the Mayor and Corporate Officer be authorized to sign a Memorandum of Understanding confirming the terms set out in this motion;

AND THAT staff be directed to negotiate a Facility Lease and return to Council for authorization to enter into legal agreements.

ATTACHMENTS

1. "Updated Feasibility and Schematic Option Studies for the Mickey McDougall Site" dated July 5, 2021 ([Citydocs 2073869](#))
2. 2021 Capital Plan sheet - "Mickey McDougall – Feasibility Study & Building Upgrades" ([Citydocs 2073583](#))

SUMMARY

As part of the overall Harry Jerome Community Recreation Centre replacement project, the City and Flicka Gymnastics Club (Flicka) have collaborated on the potential re-use of the Mickey McDougall facility for Flicka's program. A feasibility study was completed

in 2018 and refreshed in 2021. Through the 2021 Feasibility Study Update, a preferred option has been confirmed which focuses on Flicka relocating to Mickey McDougall as soon as possible; with tenant improvements concentrated on a foam pit to accommodate trampoline and aerial equipment and its required ceiling clearance for Flicka's program and owner improvements to address the most pressing building maintenance items.

Future, more substantial, City maintenance, repair and replacement upgrades will be considered within the context of a five-year timeframe where Flicka will explore how the existing facility is meeting their program needs and whether Flicka will pursue long-term plans for a major renovation or rebuild and an associated fundraising campaign.

Staff are also pursuing grant funding to support improvements to the Mickey McDougall Facility. Grant funding, if successful, will be utilized towards improving the sustainability and accessibility of the facility to the benefit of both owner and tenant.

BACKGROUND

Mickey McDougall Facility

The Mickey McDougall building is a City-owned facility that was constructed in 1967 for use as a school. Since 1982, North Vancouver Recreation and Culture Commission (NVRC) have operated the facility as a Community Recreation Facility. NVRC programming has focused on activities such as drop in and registered sports, summer camps, fitness classes, private school activities, toddler and me classes, martial arts, yoga, birthdays and performing arts. Spaces in the centre are also regularly rented to community organizations for a variety of uses. The building is generally in fair condition for a building of its age, although it does not meet today's building code standards. Continued use, consistent with the current recreational use, is reasonable for the next 10-20 years, assuming on-going base building maintenance as well as component replacements to the building systems.

Flicka Gymnastics Club

Flicka has operated as a non-profit on the North Shore since 1962 and has been a tenant in the existing Harry Jerome Community Recreation Centre since 2000. Flicka's program focuses on both community gymnastics and high performance training. They have ~1,700 participants per year.

The Flicka space in the existing HJCRC facility provides ~13,500 sq.ft. of program area. The Mickey McDougall facility will provide ~14,600 sq.ft of program area – 11,240 sq.ft in the gymnasium, 1,100 sq.ft in the stage, and 2,300 sq.ft in the multipurpose room – as well as change facilities, storage space, an office and staff areas.

DISCUSSION

In early 2021, the City and Flicka partnered to undertake a Feasibility Study Update to review and update the options for reuse of the Mickey McDougall facility by Flicka (see Attachment 1). The feasibility update considered three options:

1. **Renovation:** This option focused on tenant improvements to facilitate / enhance Flicka’s use of the existing facility. The estimated cost for the renovation option is \$4.1 million (not including owner improvements for base building). Within this option, renovation components can occur on independent timelines and were priced separately to allow for consideration of renovations over time as funding allowed.
2. **Repurpose:** This option considered renovation of the existing facility as well as a phased expansion to increase the program area of the gym and to improve connections and accessibility throughout, including a new entry and reception area. The estimated cost for the renovation and expansion option is \$12.2 million.
3. **Replace:** This option explored the creation of a new facility on the site which would satisfy Flicka’s ideal program requirements. The estimated cost for a new build is \$24.4 million.

The feasibility update process supported the determination of both Flicka’s needs and capacity for a new home in Mickey McDougall. Ultimately, both staff and Flicka selected “Renovation” as the preferred option. The Renovation option minimizes downtime to Flicka’s programming and allows Flicka to operate in the facility in a relatively cost-effective manner while determining how well the facility functions for their program before ultimately determining if and how to pursue more comprehensive renovations or new construction.

To facilitate Flicka’s initial use of the facility, there are tenant improvements to make the space more conducive to gymnastics programming, as contemplated in the feasibility study, and owner improvements to the base building and building systems that are required. Table 1, below, indicates the anticipated investment schedule and for the City and Flicka, and the initial scope of these improvements are summarized in the **Tenant Improvements** and **Owner Maintenance, Repair & Replacement Scope** sections below. If the City is successful in its grant application, a portion of the grant would reduce the anticipated investment of the City (i.e. heating and cooling system replacements, roof replacement, etc.), and a portion of the grant would reduce anticipated investment of Flicka (i.e. reorientation of the primary entrance to better accommodate accessibility, washroom/locker room renovations, etc.).

Table 1: Anticipated Renovation Option Investment Schedule

	Flicka Gymnastics Club	City of North Vancouver
Move In	\$ 300,000	\$ 746,000
1-5 years	\$ 3,800,000*	\$ 2,000,000
5+ years		\$ 500,000

* Final investment to be determined based on need and fundraising capacity

Tenant Improvements

Through the process of the Feasibility Study Update, many tenant improvements were explored and incorporated into the overall Renovation option, the most critical of which, identified by Flicka, is the creation of a foam pit for safe operations (height clearance) of the trampolines and aerial equipment. As such, Flicka has identified this as the key tenant improvement to advance at this point in time.

In support of the Feasibility Update process, Flicka's Board endorsed the preferred "Renovation" option on June 22, 2021 through the following motion:

Whereas Flicka Gymnastics and the City of North Vancouver have undertaken and finalized a joint feasibility study to explore options for Flicka's use of the Mickey McDougall Community Recreation Centre as a gymnastic facility;

And whereas the top priority for Flicka Gymnastics is continuity of programming, the preferred option is to advance construction of a gymnastics pit and relocate as soon as feasible;

And whereas Flicka will focus on a five-year planning horizon for determining next steps for fundraising and facility improvements or rebuild as outlined in the feasibility study;

Therefore, be it resolved that Flicka commits funding in the amount of \$400,000 towards the gymnastics pit, and moving expenses and that the Board is authorized to negotiate and enter into a lease for the use of Mickey McDougall Community Recreation Centre facility.

Flicka has committed up to \$300,000 towards the design and construction of the foam pit element. The estimated cost (Class D +/- 25%) to construct the foam pit is between \$125,000 – \$685,000 depending on the parameters of the final design. A moderate approach to the design will be implemented – it is anticipated that a raised platform and use of the existing crawl space will be detailed – to ensure the scope remains in keeping with Flicka's budget. It is anticipated that the design and construction of the foam pit will be facilitated by city staff in coordination with owner works on the facility.

Should Flicka consider future renovations that are more significant in nature, or consider an expansion of the existing facility, a deeper exploration of building code implications would need to be undertaken as part of that work. Any future tenant improvement would be overseen and coordinated by Flicka.

Owner Maintenance, Repair & Replacement Scope

As the owner of the facility, the City is responsible for maintenance of the base building components including lifecycle replacement of the building systems (heating, cooling, electrical, plumbing, etc.). The building has been well-maintained, but as it has not seen significant investment in some time, the major building elements and equipment will need replacement in the short to mid-term (1-10 years).

The immediate maintenance required on the facility is focused on general maintenance – such as painting, replacement of damaged façade / roof / floor / stair elements and replacement of the boiler and hot water tank. The costs for these items, as well as an allocation of a 0.5 TFT staff position, have been identified as approximately \$746,000. Funding is being requested as part of this report to cover this initial scope of work.

The short-term assessment (1-5 years) for owner maintenance and repair scope contemplates work such as roof replacement, entry ramp replacement and HVAC and water piping upgrades, with an estimated cost of ~\$2.0M in 2021 dollars. This estimated cost would be included within the first five years of the 2022 capital plan process for Council's consideration. If successful with the grant application, grant funding would be utilized for many of these upgrades, significantly mitigating the anticipated City funding required.

The mid-term (5-10 years) and long-term (10+ years) funding allocations are anticipated to be less significant, in the range of \$500,000, assuming the majority of required upgrades to building systems and base building components are addressed in the shorter term. These mid-term / longer-term cost allocations assume a continued facility use which is in keeping with the current recreational use and does not contemplate building code upgrades associated with a significant renovation. The mid / longer term allocation should be considered and evaluated in more detail over the coming years.

Memorandum of Understanding:

To advance the proposed use of Mickey McDougall by Flicka, a non-binding Memorandum of Understanding (MOU) would be entered into between the City and Flicka setting out the roles and responsibilities of the parties during this lease negotiation phase, any conditions that may be required to be satisfied prior to entering into a lease and the key lease terms to be negotiated. The key lease terms being proposed include:

- **Lease Area** – Flicka will lease the entire Mickey McDougall building as a dedicated facility (approximately 22,500 sq.ft over two storeys);
- **Term of Lease** – The lease will be for a period of 10 years;
- **Renewals** – Two renewal options of 5 years each will be included;
- **Rent** – Rent will be nominal (\$10 for the term and any renewal terms);
- **Property Taxes** – Flicka would be responsible for property taxes if not exempt. Flicka is responsible to submit application for a Permissive Tax Exception;
- **Utilities, Maintenance, and Repairs** – Flicka will be responsible for ongoing operations, maintenance and utility expenses. City will be responsible for major repairs and replacement of building systems. Detailed responsibilities will be further defined within a Service Level Agreement.

With completion of a MOU, staff will negotiate a Facility Lease with Flicka and return to Council for authorization to enter into the legal agreements. Notice of provision of assistance and the disposition of the lands by the lease will be required in accordance with the Community Charter prior to entering into the lease.

Coordination with NVRC Closure Plan

NVRC has existing programming and bookings in Mickey McDougall until end of December 2021. It is anticipated that minor works associated with owner maintenance and repair can be accommodated without impacts to NVRC programs over the coming months. We will work with NVRC to evaluate options for advancing construction of the foam pit, potentially beginning in December 2021.

Flicka’s current lease in HJCRC expires December 31, 2021. Flicka, NVRC and City staff will coordinate on timing for Flicka’s anticipated move to Mickey McDougall for the end of 2021 / early 2022. Flicka is responsible for the cost and coordination of moving.

The installation of the foam pit will require closure of the gym to any programming and is anticipated to will be scheduled for as early in 2022 as possible. Once completed, Flicka will be able to commence programming within Mickey McDougall.

FINANCIAL IMPLICATIONS

Funding appropriated to date towards the Mickey McDougall Feasibility Study and Improvements are as follows:

2017	\$ 71,368
2018	\$ 78,632
<u>2021</u>	<u>\$296,068</u>
	\$446,068

There is approximately \$326,700 in funding remaining. The 2021 Feasibility Study Update was a 50/50 cost share with Flicka and invoicing is currently being processed.

The immediate owner improvements, which also includes an allowance for a 0.5 TFT staff position, have an estimated total cost of \$746,000. With the remaining funds available, a total of \$420,000 is required for this year for owner improvements.

The capital funding request for Mickey McDougall contemplated the majority of upgrades to occur in 2022 (see Attachment 2). In order to advance much of the work as soon as possible, it is requested that \$420,000 be transferred from “Harry Jerome Community Recreation Centre” (Project #45232), with the funding to be returned to “Harry Jerome Community Recreation Centre” (Project #45232) from the Civic Amenity – Harry Jerome Fund as part of the Revised Financial Plan process in Fall 2021.

This interim transfer of funding will not impact the scope or timing of the Harry Jerome Community Recreation Centre project.

Flicka has committed a contribution of \$300,000 towards the design and construction of the foam pit as a tenant improvement. The City anticipates it will help facilitate the design and construction of the foam pit. The design of the foam pit will be refined and detailed in consideration of Flicka’s available funding.

In order to ensure the preservation of its asset over the long-term, the City will maintain the facility and replace systems and components as they come to end-of-life. Building

and building system improvements - totaling approximately \$3.2 million over the next 10+ years – will be scheduled in a manner that is fiscally responsible and that dovetails rationally with investments potentially to be undertaken by Flicka.

Staff are currently pursuing a Green and Inclusive Community Buildings grant through Infrastructure Canada. Should the grant be successful the City would have the opportunity to significantly improve the energy efficiency, climate resilience, and accessibility of the facility, while reducing carbon emissions through the replacement of its gas-fired equipment with electric equivalents. Staff are requesting a motion in support of submitting the grant application.

NEXT STEPS

With Council support, the following next steps would be completed in a timely manner:

- Enter into a Memorandum of Understanding with Flicka regarding the proposed use of the Mickey McDougall facility;
- Draft a Facility Lease to be approved by Council;
- Complete and submit the Green and Inclusive Community Building grant application;
- Begin and complete designs for the owner and tenant improvements;
- Commence owner improvements as soon as possible, mitigating impact to NVRC programming;
- Commence construction of tenant improvement (foam pit) as early in 2022 as possible, and potentially commence construction in December 2021.

INTER-DEPARTMENTAL IMPLICATIONS

The Strategic & Corporate Services department will coordinate the next steps with NVRC and the City solicitor.

STRATEGIC PLAN, OCP OR POLICY IMPLICATIONS

The retention of Flicka Gymnastics Club as a part of the overall Harry Jerome Community Recreation Centre project will contribute to health and wellness opportunities within our community, providing the opportunity for recreational and high-performance gymnastics training.

RESPECTFULLY SUBMITTED:

Mike Friesen
Manager, Strategic Initiatives