

REPORT TO: Council  
REPORT FROM: Corporate Services  
PRESENTED: June 25, 2019  
SUBJECT: Real Estate and Facilities Master Plan

FOR: COW  
FILE: REFMP

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**Recommendation:**

That the Committee recommend to Council:

**THAT** the District of Squamish adopt the Real Estate and Facilities Master Plan dated June 25, 2019, and direct staff to advance the Implementation Plan identified in the Master Plan.

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**1. Objective:**

To obtain Council approval of the attached draft Real Estate and Facilities Master Plan ("REFMP").

**2. Background:**

The District of Squamish ("District") manages a sizable real estate portfolio of facilities (18), land (1,400 acres) and tenants (80+) to serve the needs of the community. In 2017/18 the District of Squamish developed a Real Estate and Facilities Strategy ("REFS") in response to the following:

- Many of the District's existing facilities are at or near end of life conditions and require an immediate and significant investment to keep them operating.
- The community is experiencing significant growth.
- The undeveloped land base in Squamish is diminishing.
- The District has not made provision for future investments into facilities and land in its Long-Term Financial Plan.
- The District had no policy/strategy for evaluating future facility and land investments in the context of the District's overall real estate needs or the District's overall capital needs.

In April 2018, the District adopted the REFS prepared by Stantec Consulting and the District's support team. The REFS identified:

- A +/--\$100m "gap" between the District current state and future state for facilities and land.
- Six strategic recommendations supported by 25 action items to focus future decision making to enable the District to fill the gap in a fiscally responsible manner.
- An implementation process to ensure that the District's future investment into facilities and land will be evaluated in the context of the District's broader capital needs and financial constraints.

As a result, the REFS called for the completion of the REFMP, similar to other District asset management or master plans as the next step in the process. The objective of the REFMP is to

provide the District and the community with a framework to support informed choices on the acquisition, disposition and management of land and facilities to ensure the necessary services are provided to the community in a fiscally responsible manner over the next 25 years. The REFMP achieves this objective through groundtruthing the findings from the initial REFS and identifying:

<b><i>“What”</i></b>	A prioritized list of the facility and land investments required to meet the current and future service needs of the community.
<b><i>“When”</i></b>	The recommended timing of completing the investments.
<b><i>“How”</i></b>	Funding strategies to support the required investment.

In recent months, the District completed the due diligence recommended in the REFS including:

*Refining Project Investment Estimates* – engaged architects to further define space requirements and cost consultants to provide more accurate cost estimates.

*Refining Funding Estimates* – reviewed funding sources from development, existing cash reserves, District borrowing, Provincial and Federal grants, private and public partnerships, leasing vs. owning and disposition of surplus District property.

*Options Analysis* – analyzed options to eliminate, minimize or delay the District’s investment required to fulfill the identified needs.

*Community Engagement* – completed various initiatives including Brennan Park Community Engagement, Brennan Park and Business Park Expressions of Interest, various requests for proposals, and discussions with community groups currently utilizing District property and with future potential partners.

As a result, the draft REFMP has been completed and is being submitted to the Committee of the Whole for recommendation of adoption by Council.

### **3. Project Information:**

The draft REFMP is divided into two key sections:

*Main Report* – includes the due diligence undertaken, the facility and land analysis that support the recommended facility and land investments (“What” and “When”) and the funding illustrations that support the recommended funding strategies (“How”).

*Appendices* – includes the detailed analysis that supported the development of the REFMP including (1) the facility analysis completed by the architects (2) refined cost estimates completed by the cost consultants.

The *Strategic Principles* identified in the REFS provided important guidance for completing the due diligence, analysis, prioritization and decision making required for recommending the “What, How and When” in the REFMP.

Through the development of the REFS and the REFMP the District also learned the importance of District facilities and lands as community spaces. As a result, future investments decisions are recommended to be evaluated with a view to ensuring that District facilities and lands will be welcoming, safe and inclusive for all members of the community regardless of culture, race, gender or age.

The District will also continue to respect and acknowledge that facility and land investments identified in the REFMP will occur on Squamish Nation traditional territory including. This provides our two governments with the opportunity to support the development of inclusive community spaces and look at opportunities to:

- Explore partnerships where possible with Squamish Nation to share facilities
- Engage in ongoing consultation with Squamish Nation on facility and land investments of mutual interest (i.e. diking, landfill expansion, affordable housing, regional transit, recreation.)

## Key Findings

### WHAT

After the review by the architects and cost consultants, the facility estimates from the REFS have increased from \$97-\$118m to \$141-\$169m. In order to be conservative, the cost estimates include the estimated design, site development and construction costs (lower end of range) plus potential contingencies (higher end of range). The estimates are reflected in 2020 dollars. They are provided at this time to support future decision making and are not expected to be the final investment numbers. Prior to making final investment decisions on any of the facilities noted in this plan, a more detailed scope and design of each building will be completed and from that more accurate estimates of capital and operating and maintenance costs will be established.

### WHEN

- *Fire Halls and Public Works* –The most immediate priorities. Replacement is recommended within the next three years to address end-of-life conditions and improve community safety.
- *Municipal Hall* – Replacement is recommended within five years to address end-of-life and overcapacity issues before significant capital repairs are required.
- *Transit Maintenance Facility* – The Transit Maintenance Facility is required for the expansion of the transit service. If the District is successful in securing currently offered federal funding, the Transit Maintenance Facility is recommended to advance in in prioritization and to be completed within five years.

- *Remaining “Growth-Oriented” facilities* at Brennan Park (Second Ice Rink, Eight Lane pool Addition, Wellness & Arts Centre, New Customer Service Area) and the Library are to be prioritized after the investments identified in the three bullets above given these facilities are not experiencing end-of-life conditions, do not impact community safety or have immediate grant funding identified.
- The District will continue to *explore opportunities to support community needs* (youth services) and non-profit community groups (Squamish Arts Council and heritage community) through providing space within District facilities, grants to support leasing from third parties or long-term leases on District land - without requiring the District to invest in new standalone facilities.
- *Interim solutions* will be required, until new facilities are built to address current overcapacity issues at Municipal Hall, Brennan Park (programming) and the Library.
- Replacing/expanding the existing facilities and building new facilities not only requires an upfront capital investment, but *also an annual increase in maintenance and repairs, and operating expenses*. These increased annual expenses will need to be considered when adding new facilities.
- *Total future land investments* cannot be identified at this time and requires further analysis.

## HOW

- There is no singular approach to funding the upcoming facility and land investments. Many events and circumstances beyond the control of the District will occur that will impact the “What” and “When” and ultimately the “How” for the District’s investments. Initial funding illustrations, based on current information provide insights and guidance to support future decision making by Council and the community. These illustrations, confirm that funding the gap between the estimated \$155m+ in facility and land investments and the District’s current Land Reserve balance of \$11m, requires the following funding sources:
  - *Annual District borrowing* – is required right from the beginning to fund critical facility investments (Fire Halls, Public Works - \$30.6m) in the next 3 years – the District’s Land Reserve (\$11m) cannot fund these investments. Anticipated maximum annual borrowing is \$4m/year.
  - *District Dispositions* – disposition of surplus fee simple District land can provide an estimated \$45m in funding (1) without increasing taxes and (2) to support investments which exceed the annual borrowing capacity. The dispositions cannot occur all at once and a Disposition Strategy is required to ensure the District maximizes the values of its surplus properties.

- *External funding* –attracting external funding (i.e. grants, sponsorship, private partners) is required to complete the “Growth Oriented” expansion candidates at Brennan Park (Second Ice Rink, Eight Lane pool Addition, Wellness Centre, New Customer Service Area). Annual borrowing and the Land Reserve will not be sufficient to fund the estimated \$77m for these investments. The amount of external funding available is still to be determined and the timing will determine when these investments can be completed.
  - *Partnerships* – public-public and public-private partnerships can provide enhanced service to the community and reduce the District’s facility investment, especially for the Growth Oriented expansion candidates at Brennan Park. Partnerships are recommended to be explored prior to making final investments decisions for these investments and Municipal Hall.
  - *Leasing* – Leasing Municipal Hall and the Library may free up an estimated \$45m of District capital to fund other projects. This option must be explored before final decisions are made regarding these facilities.
  - *Development Funding* – will supplement future funding but not a guaranteed source.
- In addition to providing capital for upfront investments, District Dispositions can generate increased tax revenues to help fund increased ongoing annual capital repairs and operating expenses anticipated as the District’s facility portfolio expands. District Dispositions can also generate increased economic development, creation of employment space and increased housing opportunities.
  - Given that the District’s future land investments require further analysis; it is anticipated that the District’s funding approach will need to be adjusted in the future to accommodate the actual funding these investments will provide.
  - In 10 years, or when the current facility backlog is addressed, whichever is earlier, the District will need to rebuild its financial reserves to support the next generation of facility replacements 25+ years from now. Future facility replacements will not be possible without sufficient reserves.

#### **4. Implications:**

##### **a) Budget:**

Implementation of the REFMP will require funding for:

- Completion of further due diligence;
- Project Management;
- Land acquisitions;
- Facility design and construction; and
- Increased facility operating and maintenance costs.

Budget amendments/requests to ensure the appropriate funding is available will begin for the 2020 budget cycle.

**b) Organizational Impact:**

The development of the draft REFMP has already had a significant, positive impact on the organization. All departments were engaged in the development of the draft REFMP and there is a greater understanding across all departments on how facilities and land impact each department's service delivery and how departments can further integrate activities. Additional capacity has been identified in the draft REFMP to support its implementation, including the recommendation to hire a project manager to coordinate the many facility investments identified in the REFMP.

**c) Policy:**

*Official Community Plan – Section 28.2*

a) Employ long-term real estate and facilities planning to guide the strategic acquisition, disposal, maintenance and replacement of District land and facilities to meet current and future community priorities, service needs, goals and objectives.

b) Engage on and prioritize identified needs to focus decision-making and ensure the District's limited resources (i.e. funding and capacity) are invested based on their importance to the community.

c) Wisely manage the District's investment in existing and new facilities to maximize their life span and reduce the future investment required for new facilities.

*Real Estate Facility Strategy (REFS)*

The recommended "Implementation" of the REFS identified the need for a Real Estate and Facilities Master Plan to identify "What" facility and land investments are required, "When" those investments should occur and "How" those investments should be funded.

**d) Bylaws:**

Future borrowing bylaws, subsequent to the adoption of the REFMP, will be required whenever the District borrows to support facility and/or land investments.

**5. Council Priority Areas**

The adoption of the Final REFMP will support several Council priority areas including:

**Neighborhood Connectivity and Public Spaces:**

- *Progress to shovel ready or beyond stage on three priority District facilities identified in the Real Estate and Facilities Master Plan by 2022. (Fire Hall #2, Fire Hall#1, Public Works)*
- *Increase the area of publicly accessible parks and gathering/pedestrian spaces in five-residential neighborhoods and the downtown area and marine waterfront areas by 2022. (Parkland Acquisition Strategy)*

#### The Economy and Local Jobs:

- *Generate a net increase of employment lands and space in pace with terrestrial and marine needs by 2022.* (Sale of District land in Business Park)

#### Housing Affordability:

- The disposition of District surplus properties in the future is anticipated to increase the supply of residential development lands in the community, possibly in the Downtown.

#### The Planet and Our Environment:

N/A

### **6. Implementation**

Once the REFMP is adopted, the “*What/When/ How*” recommended in the REFMP will also provide key inputs into the District’s Long-Term Financial Plan which establishes long range funding strategies for the District’s projected capital requirements. The Long-Term Financial Plan will in turn provide inputs into the District’s Annual Five Year Financial Plan process where the actual investment decisions are proposed, considered and endorsed.

The District will launch immediately into a series of final due diligence, final decision making (Council endorsement), project design/tenders and project construction. Table 40 in the REFMP illustrates the various activities that will occur and a timeline for completion based on the various facility and land investment categories. The following activities are anticipated to be focused as follows throughout the next 3 years+:

Year	Focus	Activities
1	Due Diligence	Final site analysis, partnership and grant funding opportunities, final needs assessments
2	Decision Making	Options analysis, community engagement and Council endorsements in budget
3+	Project Work	Detailed design, tendering and construction

The District’s funding illustrations will require updating to reflect the many external factors impacting the District’s ability to fund future investments including:

- market values of District Dispositions;
- contributions from development;
- other financial challenges the District may face;
- external funding availability/timing;
- partnerships reached for facility delivery; and
- escalations in construction costs.

**7. Attachments:**

1. Draft REFMP

**8. Alternatives to Staff Recommendation:**

The draft REFMP be updated/amended as directed by Council.

**9. Staff Review**

**Prepared By:**

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**Reviewed By:**

Robin Arthurs, General Manager of Corporate Services  
Christine Mathews, CPA, CGA, CFO

**CAO Recommendation:**

That the recommendation of Corporate Services be approved.

Gary Buxton, Acting CAO