



SUBJECT	Activate UBC Recreation Centre North (UBC Vancouver) Board 3
SUBMITTED TO	Property Committee
MEETING DATE	June 16, 2022
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	<p>APPROVAL REQUESTED</p> <p>IT IS HEREBY RESOLVED that the Property Committee recommends that the Board of Governors grant conditional* BOARD 3 approval for the Activate UBC Recreation Centre North project at UBC Vancouver as follows:</p> <ul style="list-style-type: none">i. approval of final capital budget of \$67,535,000 and operating budget as set out in the Appendices to the briefing;ii. approval of final funding sources and internal loan financing as set out in the briefing;iii. authorization to proceed to award construction contracts; and,iv. approval of final funding release of \$64,585,000. <p>* Conditional on construction tenders being received at or below budget based on 80% of tenders</p>
LEAD EXECUTIVE	John Metras, Interim Vice-President Operations
SUPPORTED BY	Ainsley Carry, Vice-President Students Karamjeet Heer, Interim Vice-President Finance Kavie Toor, Managing Director, Athletics & Recreation Samantha Reid, Executive Director, Office of the Vice-President Students Jennifer Sanguinetti, Managing Director, Infrastructure Development Michael White, Associate Vice-President Campus + Community Planning Yale Loh, Treasurer Aubrey Kelly, President and CEO, UBC Properties Trust

PRIOR SUBMISSIONS

The subject matter of this submission has been considered previously by the Property Committee on the following occasions:

1. [June 24, 2021](#) (OPEN SESSION) – Board 2 Approval, Funding Release \$1,950,000
Action/Follow up: Authorization to proceed to working drawings and tender.
2. [June 16, 2020](#) (OPEN SESSION) – Board 1 Approval, Funding Release \$1,000,000
Action/Follow up: Authorization to proceed to schematic design.
3. [April 13, 2017](#) (OPEN SESSION) – GamePlan: UBC’s 20-year Recreation and Athletics Facilities Strategy; New Recreation Fitness Centre and the Reimagined War Memorial Gym as integrated part of the report.

The following Executive Summary provides a status update from the date of the most recent submission.

EXECUTIVE SUMMARY

In accordance with the [Capital Projects Policy](#), this Board 3 approval request for the Activate UBC – Recreation Centre North project is provided as part of the project management process for construction projects over \$5,000,000. The Board of Governors has delegated to the Property Committee the authority to make decisions on its behalf for construction projects between \$5 million and \$20 million. The aggregate estimated value of the Activate UBC – Recreation Centre North project is \$67,535,000.

The Activate UBC – Recreation Centre North will significantly help increase and enhance access to quality sport and recreation facilities for those who learn, live, work, and play on the UBC Vancouver campus. The project is a key priority of GamePlan: UBC’s Athletics and Recreation Facilities Strategy which provides a 20-year framework for capital facilities to support delivery of outstanding sport and recreation experiences at the Point Grey campus. Located in the heart of campus, the facility will create a hub for wellbeing, sports excellence, learning, recreation and school spirit at UBC. The updated Board 3 “Activate UBC” working title for the project is aligned with fundraising materials for the project.

The Activate UBC - Recreation Centre North design process has progressed smoothly, and design has been refined to fully support the functional program. While the basic project components are unchanged from Board 2, design for this constrained site has led to some minor adjustments of administrative and back-of-house program components to maintain the full fitness and gym space component programs. Designing to budget in the current volatile construction market has been a challenge which the entire design and operational team has worked through by collaboratively identifying priorities and potential areas of compromise.

The building is on track to achieve Rick Hansen Foundation certification for accessibility. A collaborative design process and meetings with the Rick Hansen Foundation have led to a highly inclusive building design with a new accessible connection to the adjacent UBC Life building.

Capital Budget, Funding & Financing

The team has been diligent in designing a lean building with continuous value engineering in order to stay on budget. With 80% of the project tendered, the project budget of \$67,535,000, increased from Board 2, reflecting a small increase in the construction period financing costs to accommodate lower student fees being collected during the construction period and a somewhat higher cost of construction. The higher construction costs are indicative of the extreme escalation that is present in today’s construction market and reflect the initial results of the project’s tenders, received at the end of May. As mentioned, the team have done all they can to reduce costs through an extensive value engineering process but it has not been enough. While the process of value engineering is continuing, the projection presented here represents the best estimate of the final cost.

Some adjustments have been made to the project funding sources since Board 2. The original funding plan anticipated the collection of AMS student fees for the new Recreation Centre North starting in 2020; however, actual collection of fees will only start after Board 3 approval has been obtained, which has resulted in an estimated \$2.6 million funding shortfall. The shift in the timing of when student fees will be collected resulted in the AMS internal loan increasing by \$300,000. Much of the remaining \$2.3 million shortfall will be funded through an allocation from Paragon Funds. The use of these funds is considered appropriate as the new Recreation Centre North project will be a long-term investment that will benefit students in future years. There is a final amount of \$1,696,000 from the higher cost of construction for which a source has yet to be firmly identified. There are three likely options for this shortfall – either further use of the Paragon Funds or an increase to the centrally funded loan or a combination of these two sources.

An estimated \$5 million is expected to be funded through donor fundraising. Based on the current forecasted budget, the Vice-President Students portfolio (VPS) does not have the ability to fully backstop a \$5 million shortfall through an internal loan or its reserves as COVID-19 continues to put pressure on ancillary revenues. Should fundraising fall short, VPS and the Central Finance administration will determine an appropriate backstop at project completion which will depend on the total shortfall amount and financial position of VP Students at that time.

The funding source table is revised as follows:

Funding Source	Board 2	Board 3
AMS Student Fees	\$4,400,000	\$1,800,000
AMS Internal Loan ¹	\$13,300,000	\$13,600,000
Donor Fundraising	\$5,000,000	\$5,000,000
Paragon Funds	\$0	\$2,300,000
UBC Central Internal Loan	\$43,139,000	\$44,019,000
Remaining Shortfall ²	\$0	\$1,696,000
Total Funding	\$65,839,000	\$67,535,000

¹ Represents internal loan amount that will be debt serviced through estimated AMS student fees collected from 2025 to 2036.

² Remaining shortfall to be funded with the use of Paragon Funds or an increased Central loan amount (or a combination of these two sources)

At construction completion, there will be two internal loans as per the Funding Source table above. The AMS internal loan (interest and principal) will be repaid with AMS student fees and the UBC Central internal loan will be repaid from the UBC operating budget. Note that AMS has agreed to a total financing contribution of \$22.5 million for this project (inclusive of student fees collected during construction period and debt servicing for the internal loan). The following is a summary of the internal loan details including annual debt repayment.

Internal Loans	Term (years)	Interest Rate	Internal Loan Amount	Annual Debt Repayment
AMS	15	5.75%	\$13.6 million	\$1.4 million
UBC Central	30	5.75%	\$43.139 million	\$3.0 million

Note that the final AMS internal loan amount will be dependent on the timing and amount of student fees collected prior to construction completion. As such, the final amount and terms of the AMS internal loan may be subject to change and will be confirmed upon project completion.

Sustainability

The building will target LEED Gold certification as a minimum, with a defined energy use intensity target as per UBC requirements. The project is on track for achieving LEED Gold and meeting the targets defined by Campus & Community Planning (C&CP). Refer to *Appendix 4: Sustainability Metrics* for further detail on this and the other sustainability initiatives undertaken by the design team.

Timeline

The project schedule has been updated to reflect Board 3 in June 2022.

Milestone	Target Date Board 2	Target Date Board 3
Executive 1 ¹	June 2017	June 2017
Executive 2 ²	July 2018	July 2018
Revised Executive 2	Jan 2020	Jan 2020
New Building Site Selection Committee	Feb 2020	Feb 2020
PPAC ³	Feb 2020	Feb 2020
Executive 3	March 2020	March 2020
Board 1	June 2020	June 2020
Board 2	June 2021	June 2021
Board 3	April 2022	June 2022
Construction Start ⁴	April 2022	July 2022
Construction Completion	April 2024	Oct 2024
Occupancy	May 2024	Nov 2024
Board 4	June 2026	Dec2026

¹ The project received Executive 1 approval on June 6, 2017 under the old working name “GamePlan project – Reimagined War Memorial Gymnasium and New Recreation Centre”.

² The project received Executive 2 approval on July 3, 2018 under the old working name “GamePlan project – Global Centre for Sport and Health”.

³ Property & Planning Advisory Committee + Senate Academic Building Needs Committee

⁴ Includes 3 months of “enabling works” related to tie-in to UBC Life and the DES system

APPENDICES

1. Activate UBC – Recreation Centre North Location Context Map
2. Costs - Capital Budget and Operating Costs
3. Detailed Program
4. Sustainability Metrics

PRESENTATIONS

1. Activate UBC Recreation Centre North Board 3

SUPPLEMENTAL MATERIALS (optional reading for Governors)

1. Site Plan
2. Images of Final Design

Appendix 1 – Activate UBC – Recreation Centre North Location Context Map



Appendix 2 - Costs – Capital Budget and Operating Costs

Capital Budget

UBC Properties Trust has provided the following project cost estimate for the Activate UBC - Recreation Centre North project based on 80% tendered costs. This is a class A estimate with an accuracy of +/-5%.

Project Capital Cost Breakdown	Costs \$
Construction Costs	
Construction	50,000,000
Municipal Services	150,000
DES Service Relocation ¹	500,000
Contingency	2,500,000
Subtotal Construction	53,150,000
Cash Allowances	
FF+E	200,000
Program Specific Unique Equipment	1,500,000
UBC IT	450,000
Secure Access/Signage/Moving	150,000
Non-Classroom Audio Visual	150,000
Subtotal Cash Allowances	2,450,000
Soft Costs	
Consultants	4,989,400
Preconstruction/Permits	1,219,600
Subtotal Soft Costs	6,209,000
Project Management	2,309,000
Building Total	64,118,000
GST	1,069,000
Construction Period Financing	1,720,000
Retained Risk	628,000
PROJECT TOTAL	67,535,000
<i>Project Area (Gross Square Feet)</i>	<i>106,679</i>
<i>Cost Per Square Foot</i>	<i>\$633</i>

¹ Any DES service relocation costs over and above the budgeted amount will be covered by Infrastructure Impact Charges (IICS).

Operating Cost

Annual operating costs will be calculated at the standard rate (\$8.60/gsf for new buildings) and paid by Athletics and Recreation. The current O&M rate is under review and may increase prior to construction completion. Lifecycle capital costs will be funded by Athletics and Recreation. Based on the current area estimates, the approximate annual operating and lifecycle costs will be as follows:

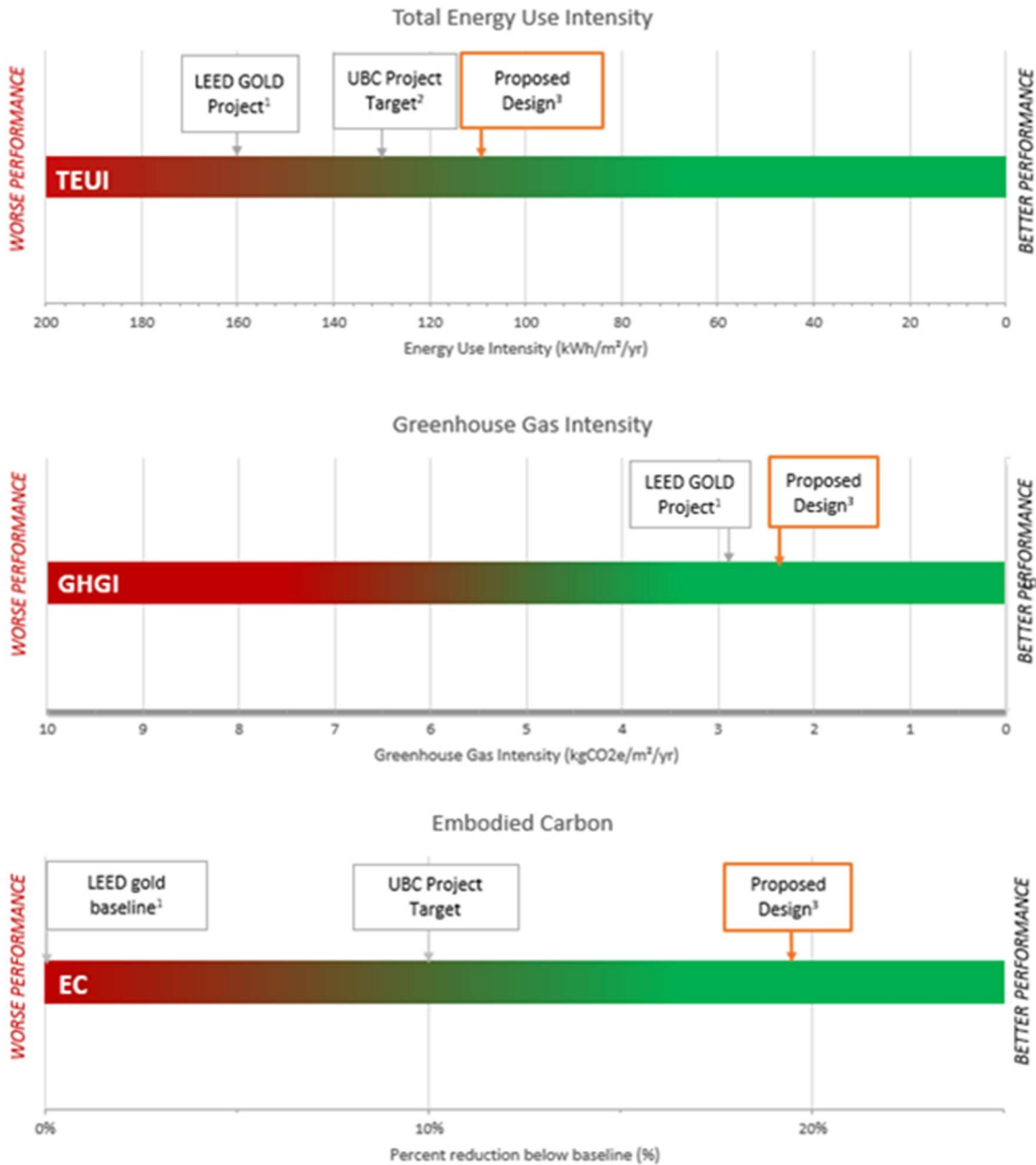
New Recreation Building	\$/gsf	A&R
Total Gross Area (sf)		106,679
OPERATION COSTS¹		
Annual Operations + Maintenance	\$ 6.37	679,545
Utilities	\$ 2.23	237,894
Total O+M Cost	\$ 8.60	917,439
LIFECYCLE CAPITAL COSTS		
Cyclical Maintenance	\$ 3.51	374,443
Modernization / Upgrade	\$ 0.93	99,211
Total Capital Renewal Cost	\$ 4.44	473,655

- 1 Final costs will be based on actual built areas and are subject to change pending final design and construction.
- 2 Lifecycle Capital Costs are covered by Central Finance.

Appendix 3 – Detailed Program

Component Net Area	Net Area (square metres)	Net Area (square feet)
Recreation Active Spaces		
Front of House	97	
Gymnasium Space	2,036	
Change Rooms	510	
Fitness Spaces	4,027	
Back of House	78	
Sub-total Recreation Active Spaces	6,748	72,637
Recreation Administrative Suite		
Administration, Meeting Rooms	94	
Sub-total Administrative Suite	94	1,010
Shared Spaces		
Administration, Meeting Rooms	99	
Back of House (UA W/C & Custodial)	82	
Sub-total Shared Spaces	181	1,953
Total Building Net Area	7,023	75,600
Building Gross Up (approx. 1.41 x nsm)	2,887	31,080
Total Building Gross Area	9,910	106,680

Appendix 4 – Sustainability Metrics



¹ Based on LEED Gold project

² Design Brief based on UBC energy policy

³ Same inputs as baseline

TEUI is Total Energy Use Intensity and is a measure of the total amount of energy a building uses over the course of a year, per unit of building area. The metric considers all energy used in a building, including plug loads (e.g. lighting, appliances) and process loads (e.g. elevators, mechanical systems, fans). TEUI is measured and expressed in kWh/m²/year. Sample building design strategies for achieving TEUI targets: consider occupant and unit density; optimize fenestration; increase airtightness; recover heat during ventilation; and separate heating and cooling from ventilation.

GHGI is Greenhouse Gas Intensity and is a measure of the emissions intensity of a building's emissions, measured and expressed in tonnes or kilograms of carbon dioxide equivalent per unit area over the course of a year (kg CO²/m²/year).

EC is Embodied Carbon and is a measure of the carbon dioxide (CO₂) emissions associated with materials and construction processes throughout the whole lifecycle of a building.



Activate UBC Recreation Centre North Board 3

June 16, 2022

Jennifer Sanguinetti
Managing Director, Infrastructure Development



Introduction and summary



Proposed Activate UBC Recreation Centre North project since Board 2:

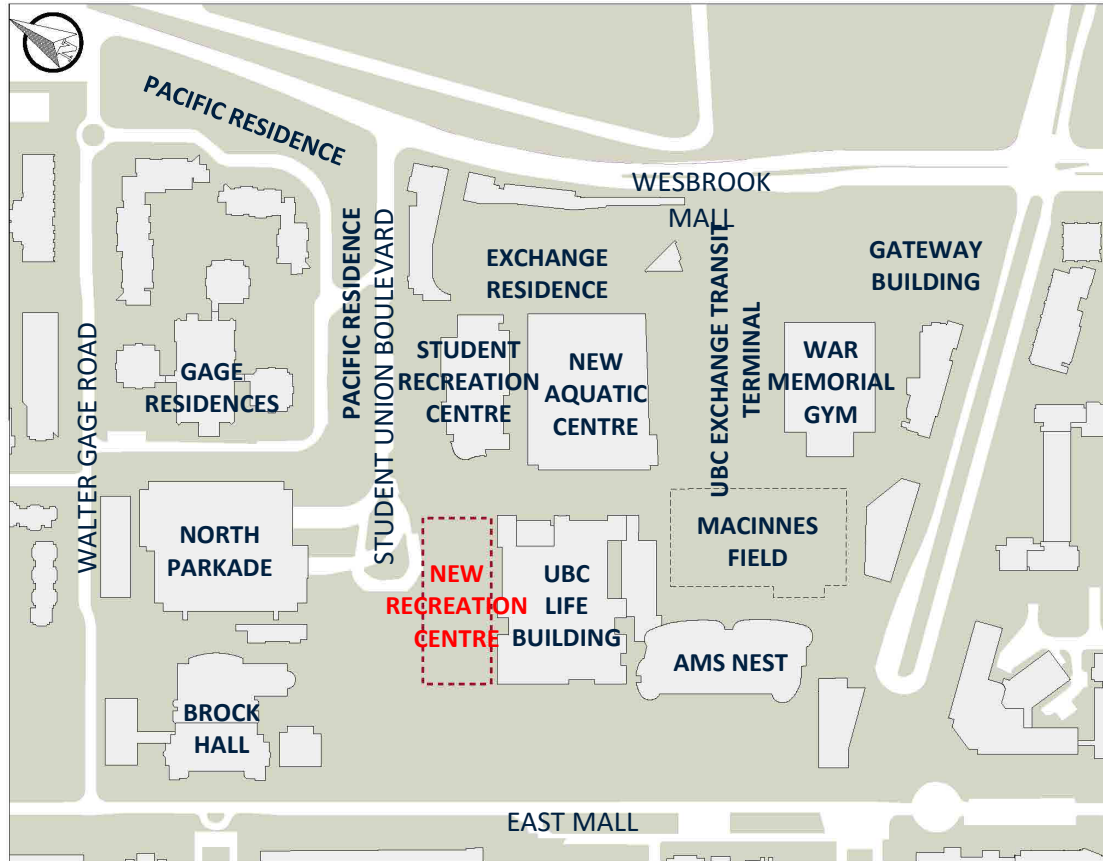
- Design is complete & is 80% tendered; initial results show higher cost of construction
- Program refined to reflect pressures of site and budget
- Budget increases in financing & construction

Additional details



- Significant design focus on accessibility & inclusion incl. Rick Hansen Certification
- Fundraising program continuing, led by DAE
- AMS will repay \$13.6 million loan; UBC op. budget will repay \$43.139 million loan
- Final \$1,696k deficit funding source still TBD

Additional details – Site Map



Additional details – Schematic Renderings



Interior view of Reception Area



View looking NW (Life & Nest beyond)

Discussion and decision points

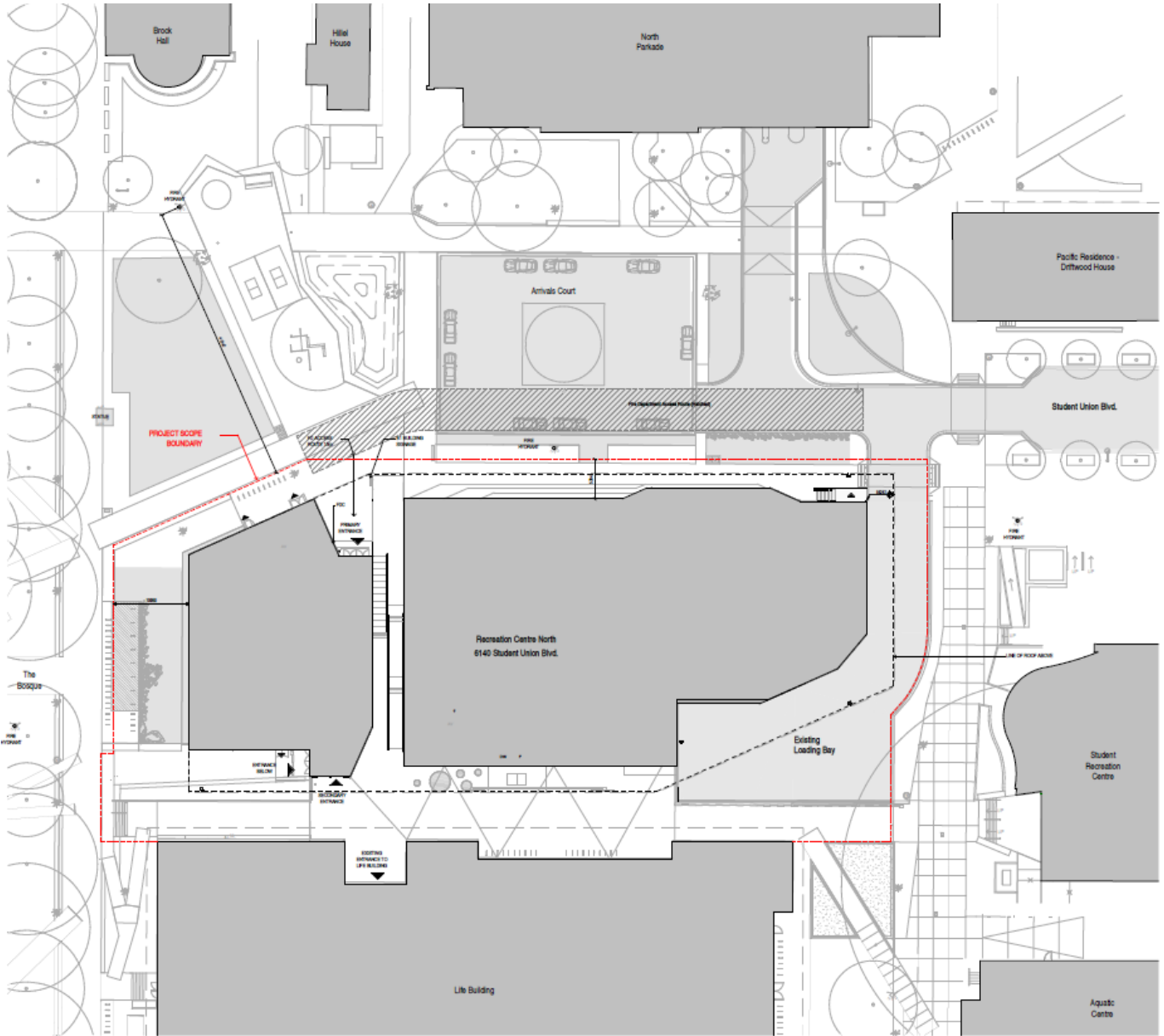


Conditional* Board 3 approval of the Activate UBC Recreation Centre North project:

1. Approval of the final capital budget (\$67,535,000) & operating budget;
2. Approval of final funding sources and financing;
3. Authorization to award construction contracts; and
4. Approval of final funding release of \$64,585,000.

*Conditional on construction tenders being received at or below budget based on 80% of tenders

Supplemental Materials 1 – Site Plan



1 Site Plan
1:200

Supplemental Materials 2 –Images of Final Design



Exterior View from Northwest (UBC Life and the Nest beyond)



Exterior View Looking East



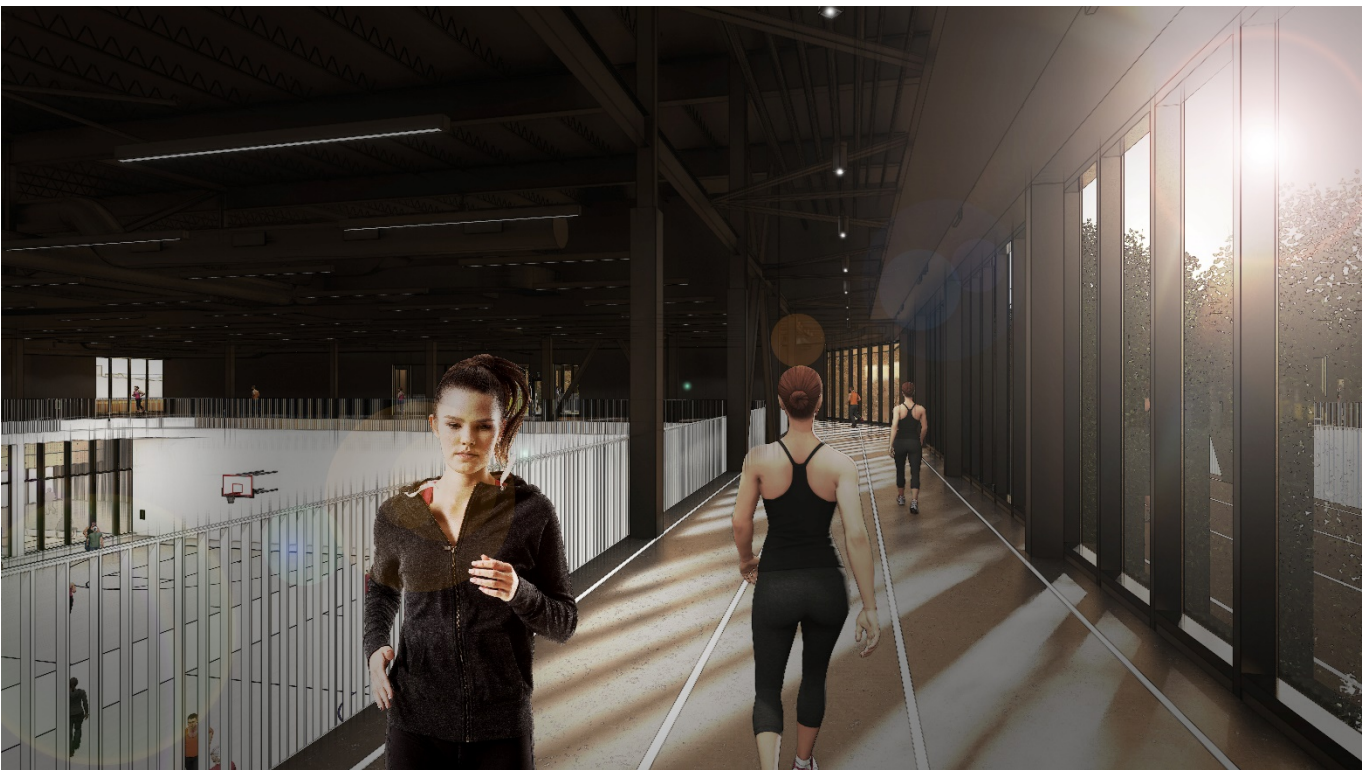
Interior View of Reception Area



Interior View of Gymnasium



Interior View of Fitness Centre with window to adjacent Bosque



Interior View of Running Track above Gymnasium