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

**REPORT**

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To: Mayor Linda Buchanan and Members of Council

From: Mike Friesen, Manager, Strategic Initiatives

Subject: HARRY JEROME COMMUNITY RECREATION CENTRE AND SILVER HARBOUR PROJECTS – COMMENCEMENT OF ON-SITE WORKS

Date: February 18, 2022 File No: 02-0800-30-0028/1

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*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 February 18, 2022, entitled “Harry Jerome Community Recreation Centre and Silver Harbour Projects – Commencement of On-Site Works”:

THAT staff initiate construction of the Harry Jerome Community Recreation Centre and Silver Harbour projects;

THAT staff award necessary contracts to undertake Site Preparation and Excavation;

THAT staff proceed with tender for Foundation Works and return to Council for appropriation and authority to award necessary contracts to undertake Foundation works;

THAT staff tender remaining scope of works to prequalified trades;

AND THAT staff report back with recommendations for appropriation and awarding of tender contracts.

## ATTACHMENTS

1. Harry Jerome Community Recreation Centre – Project Approval Oct 18, 2021 (CityDocs [#2110555](#))
2. Presentation – HJCRC and SH Projects Update (CityDocs [#2148147](#))
3. Timeline – HJCRC and SH Schedule (CityDocs [#2150590](#))

## SUMMARY

The Harry Jerome Community Recreation Centre (HJCRC) capital program is the largest capital revitalization program ever undertaken by the City of North Vancouver. After significant consultation, engagement, design, and refinement the City is now ready to build what will be the vibrant and social heart of our Central Lonsdale community and major amenities for North Shore residents to enjoy for decades to come.

The following report provides an update to Council on the pre-construction planning for the HJCRC and Silver Harbour (SH) projects including costs, schedule, and next steps.

The report recommends proceeding with the commencement of the projects' construction: the Site Preparation and Excavation and Foundation works. The Site Preparation and Excavation works have been recently tendered and the submitted bids fall within the appropriated budgets for HJCRC and SH as reported to Council in October 2021. The recommendations in this report will also enable the project team to proceed with tendering the Foundation works; award of this work will take place only following approval of an appropriation from the 2022-2031 Capital Plan.

Staff will report back with final costs received through tendering, and contract awards will be made following Council approval upon receipt of the Municipal Finance Authority (MFA) loan in June 2022.

## BACKGROUND

On October 18, 2021, Council was presented with a project update (Attachment 1: Harry Jerome Community Recreation Centre – Project Approval Oct 18, 2021) and resolved:

THAT staff be authorized to advance the construction tender for the “Site Preparation and Excavation” scope of work for the Harry Jerome Community Recreation Centre project with contract award to be held until full project funding is in place;

THAT the funding reallocation be approved for the purposes of advancing the Harry Jerome Community Recreation Centre site power modifications, as follows:

NVRCC Fibre Net Connect HJ&CT (Project 40346)	\$35,000
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2019 NVRCC Equipment (Project 40372)	\$30,000
NVRCC Buildings 2018 (Project 45272)	\$155,026
NVRCC John Braithwaite Rec Centre (Project 45285)	\$37,101
NVRCC Facility Access Control (Project 45290)	\$60,000
2020 NVRCC – HJ Major Repairs (Project 45313)	\$21,045
<b>Total:</b>	<b>\$338,172</b>

AND THAT staff report back with a Class A estimate to seek approval to advance the full Harry Jerome Community Recreation Centre project to construction, inclusive of Silver Harbour Seniors' Activity Centre, with project funding in place.

Since that time, the project team has undertaken the objectives identified in the report. The next steps from the October report were addressed as follows:

#### *Construction Documentation Phase*

Design drawings and specifications have been completed to the 90% mark to allow for a Class A estimate (+/- 5%). A phased building permit application has been submitted with the first phase being the request for a building permit to proceed with Site Preparation and Excavation works should Council provide direction to proceed. A full building permit review process is currently underway.

#### *Advanced Underground Utility Upgrades – East 23<sup>rd</sup> Street*

In order to streamline the overall construction schedule and reduce cost escalation risk, the City initiated Advanced Underground Utility Upgrades on East 23<sup>rd</sup> Street, intended to service the future HJCRC / SH project and Harry Jerome Neighbourhood Lands (HJNL) south of East 23<sup>rd</sup> Street. Work includes the replacement of the water main, sanitary and storm sewers and will be completed on time and under budget.

#### *Site Preparation and Excavation (Enabling Works)*

As per Council direction, staff issued an invitation to tender for the Site Preparation and Excavation scope of works which includes removal of existing infrastructure including the demolition of the 23<sup>rd</sup> Street pedestrian bridge, bulk excavation of the site, and other works to prepare the site for building foundation.

Upon Council approval of the recommendations in this report, the City will award and enter into a contract with the selected firm for this scope of work.

#### *Centennial Theatre Temporary Power & Electrical Improvements*

The Centennial Theatre temporary power & electrical improvements project was carried out to ensure continual operations of the Theatre during construction, and to couple the work with temporary site power for new HJCRC construction site. The project is close to completion and is projected to be delivered ahead of schedule and under budget. Due to close communication between the project team and NVRC, the project is being delivered with no anticipated interruptions to the theatre's programming. The scope of

work includes future-proofing the theatre's electrical room equipment to conform to current building code and for easy connectivity once the permanent feed from the new HJCRC connects to Centennial Theatre.

## **DISCUSSION**

### Design Completion

The HJCRC design team has been completing the documents required for the building permit application, the Class A estimate, and a final design review by the project team. The program and design are unchanged since Council direction on October 18<sup>th</sup>, 2021. The Prime Consultant, HCMA, along with their sub-consultants, are in the process of final detail design and coordination to respond to building permit and health permit submission requirements, to incorporate final feedback from the building operator and other key stakeholders as well as to prepare costs saving measures to implement as needed.

### Class "A" Cost Estimate

The project budget for HJCRC as reported to Council in October 2021 was \$181,696,000 and SH at \$23,437,000. The two projects together total \$205,133,000. The project costs were derived from two Class B estimates obtained in September 2021 at the 50% complete construction documentation phase; one from a professional quantity surveyor and one from the Construction Manager engaged for pre-construction services. At this stage the Class B estimate can vary +/- 10% from tender results.

Similar to the Class B estimate presented to Council in October 2021, two Class A cost estimates have been obtained at the 90% complete construction documentation phase.

The Class A estimates were reviewed for completeness and compared against each other, all material differences have been resolved to develop a revised projected cost for the project. The combined Class 'A' estimate for this project is now \$210,781,319 (Table 1 – Comparison of Class 'B' and Class 'A' Cost Estimates). The Class A estimate is 2% higher than the Class B estimate; this increase is well within the +/- 10% variance of a Class B estimate, and is not surprising considering the construction industry has seen significant cost increases in materials and labour as well as volatility in general. The final cost of the HJCRC and SH projects will be better understood when the City receives tenders in June 2022. Over the coming months the project team will investigate value engineering options, before making a final recommendation for the project budget and a request for appropriation in June 2022.

Table 1 – Comparison of Class ‘B’ and Class ‘A’ Cost Estimates

	<b>Class B (+/-10%) October 2021</b>	<b>Class A (+/- 5%) Feb 2022</b>
	<b>HJCRC + Silver Harbour</b>	<b>HJCRC + Silver Harbour</b>
Area	207,088 sf	209,067 sf
Building Construction	\$ 130,613,347	\$ 152,544,476
Onsite Works	\$ 14,770,332	\$ 13,591,700
Offsite Works (including BC Hydro)	\$ 6,331,100	\$ 7,413,950
Soft Costs (Consultants, Staff)	\$ 14,521,410	\$ 15,397,616
Permits and DCC’s + Cityworks	\$ 3,171,383	\$ 2,000,904
Furniture, Fixtures and Equipment	\$ 2,881,600	\$ 2,915,464
Contingencies and Escalation	\$ 32,758,762	\$ 16,917,208
<b>COMBINED HJCRC+SH TOTAL</b>	<b>\$ 205,047,934</b>	<b>\$ 210,781,319</b>

### Contingencies and Risk Mitigation

In order to protect the HJCRC project from unknown or emerging costs, a number of financial risk mitigation measures are in place. In order to ensure the project has the flexibility to meet challenges, contingencies are included in the project budget. The contingencies for this project have been established using industry best practices for comparable projects. There are four types of contingency: Design Contingency, which accounts for design details identified in the final stages of the construction documents, Soft Cost Contingency, which ensures that funding is available to address unanticipated professional services, Construction Contingency, which accounts for items that are uncovered during the construction phase of a project, and Escalation Contingency, which addresses changing market conditions during a construction project. In addition, a project specific risk register has been developed and will be monitored throughout the life of the project. The risk register covers schedule, quality, and scope change risks.

### NVRC Operations

The existing HJCRC – including Memorial Gym and Mickey McDougall facilities – will remain open during the construction period. Although the buildings are at end of life, NVRC staff will proactively address maintenance concerns and practice responsible issue management. Construction of the new HJCRC – primarily through reduction of available parking – will impact the operations and programming of the community recreation centre, Centennial Theatre and existing SH facility.

With the construction site for the new community and recreation centre occupying the existing facility’s parking lot beginning in mid-March, parking has emerged as a significant challenge to the smooth operations of the existing HJCRC and Centennial

Theatre. NVRC staff will endeavor to avoid the simultaneous scheduling of high participation events at both facilities to minimize congestion and parking challenges.

The average observed utilization of HJCRC parking is 50% (of the total 344 spaces in all lots); maximum demand during high attendance events can reach 85% utilization. To address parking demand during construction, staff have created an interim parking strategy that will support vehicle access to the facilities. As of mid-March, staff have arranged a temporary lease of 40 parking spaces at North Shore Alliance Church. In June, the City is expecting to utilize a portion of the former lawn bowling site – currently in use by Darwin Construction for construction staging – as a temporary parking lot during HJCRC construction to provide an estimated 40 parking spaces. When combined with existing parking resources on the current HJCRC/Memorial site, staff are expecting a maximum of 156 parking spaces available for users of the facilities.

In addition to the provision of parking spaces, communication of the expected challenges as well as identification of alternative transportation options (transit and cycling infrastructure) will be provided to patrons.

#### *Flicka Gymnastics Club*

With the continued operations of the existing HJCRC, Flicka Gymnastics Club will continue operating in their leased space within HJCRC until the closure of the facility. This will provide more time for Flicka to prepare its transition plan and fundraise for improvements while allowing NVRC to continue to provide programs out of the Mickey McDougall facility. Although some small improvements have been undertaken, the majority of construction at Mickey McDougall will be deferred until 2025.

#### Schedule

##### **March – June 2022**

The next active phase of the project is the Site Preparation and Excavation, followed by the Foundation works. These works will start in March and May respectively. Staff will return to Council on March 7<sup>th</sup> for early appropriation of funds to support the Foundation Works in advance of contract execution. While these works are underway, the project team will proceed with tendering the construction phase of the HJCRC and SH projects; this entails approximately 50 separate tenders.

##### **June – July 2022**

In June 2022, it is anticipated that the MFA financing will be finalized. Staff will return to Council with final construction costs, and will seek approval to appropriate funding and award the remaining construction contracts.

Concurrently, the project team and City have created an inter-departmental working group in order to ensure there is a forum for review and direct communication between the project team and City review staff. As a part of the building permit review process, the working group is currently collaborating to ensure City regulations and requirements are achieved while ensuring that the project is able to progress in an efficient manner and not incur costs due to delay. Additionally, the working group will ensure that there is a group of staff who are regularly reviewing the project as it progresses and who can

identify for the project team any potential concerns. The HJCRC and SH Schedule (Attachment 3 – HJCRC and SH Schedule) provides a high-level graphic representation of the project schedule; more granular breakdown of upcoming milestones will be presented in the “Next Steps” section.

### Tree Replacement Strategy

In order to meet the City’s program needs – both for the community recreation facility and SH, as well as the significant off-site requirements integrated into the project – a significant proportion of the site’s trees will need to be removed and replaced. The building and underground footprint, re-grading of the site slope, site access points, and new active transportation infrastructure require the implementation of a robust tree replacement strategy,

Of the site’s existing ninety-nine trees, thirteen will be retained and eighty-six are required to be removed to facilitate construction. The landscape plan for the project will include 209 new trees to be planted throughout the site and the surrounding streetscape.

Recognizing the importance trees to the City and the importance of the expansion of the tree canopy, the project will contribute \$40,000 to the City’s tree planting program. Over the last three years, the tree planting program has contributed 4000 trees to City public spaces. This contribution is in recognition that a proposed Tree Bylaw is in process but not yet in effect; the proposed \$40,000 contribution has not yet been reflected in the project cost estimate but will be included in the revised budget for Council’s consideration in June. In addition, staff are seeking opportunities for the reutilization of suitable trees following removal.

### Communications Strategy

In collaboration with the project team, the City’s communication department has prepared a comprehensive communications strategy to ensure information is delivered in a timely, efficient, and digestible manner to key stakeholders. The communication strategy presents a multi-phased and multi-channel approach to providing updates on the project with materials to include direct mailouts, print materials, newspaper advertising and earned media coverage, social media and online outreach, e-newsletters, on-site signage, transit shelter ads, video updates, staff outreach and facility advertising. Key messages in the immediate future include:

- Updates concerning construction impacts;
- The existing HJCRC and Centennial Theatre remain open and operational during construction; and
- Informing and generating excitement concerning social, cultural, and physical programs that will be a part of the new facility in 2025.

In addition to the above, Council will be provided with regular updates through the construction phase in order to stay informed of progress and next steps on site, as well as risk and budget summaries. To ensure transparency these updates will also be posted to the HJCRC project website for consumption by the public.

## Silver Harbour

SH staff and representatives have been engaged and consulted through the design process of their facility and are pleased with the progress and outcomes.

City staff have continued negotiations with SH for the offer to lease and form of lease for the new facility and transfer of the existing SH site to the City. The offer to lease and lease are being refined and business terms – regarding operations and maintenance responsibilities – are being finalized and are expected to be concluded shortly.

## Public Art

The Public Art Process for HJCRC and SH projects is underway and is anticipated to be completed within the next few months.

## Next Steps

The project is transitioning from planning to construction. Maintaining the current schedule will ensure that further cost escalation is limited. The project team is working to ensure the coordination of all elements of the project result in issuance of a full building permit on September 1<sup>st</sup> and the subsequent construction of the full facility. The following milestones represent six months of the critical path needed to achieve this goal:

- Late February – Completion of early civil works to eliminate possibility of conflicts and delays with Site Preparation and Excavation;
- February 28<sup>th</sup> – Council grants approval to proceed to Site Preparation and Excavation and to tender Foundation Works;
- Between March 1<sup>st</sup> and March 22<sup>nd</sup> – Progress design to 100%
- March 7<sup>th</sup> – Funding Appropriation to proceed with award of Foundation Works and associated contracts;
- March 14<sup>th</sup>:
  - Excavation building permit is issued;
  - Site north of 23rd closed to the public, excluding Centennial Theatre;
  - Full excavation able to begin once site preparation is complete;
- March 22<sup>nd</sup> – Invitation to tender packages are issued to prequalified trades;
- June 1<sup>st</sup> – Pouring of foundation begins;
- June 7<sup>th</sup> – MFA loan secured;
- June 13<sup>th</sup> – Staff return to Council seeking final project appropriation and approval to award Construction tenders for remaining scope;
- September 1<sup>st</sup> – Issuance of above grade building permit and commencement of construction of the facilities.

## **FINANCIAL IMPLICATIONS**



The Financial Strategy for the HJCRC project has been approved by Council, and 40% of Program funding has been secured to date. A \$117 million loan application has been submitted to the Ministry of Municipal Affairs & Housing and the Inspector of Municipalities and that loan is anticipated to be in place in time to award the Construction tenders for the remaining scope.

## **INTER-DEPARTMENTAL IMPLICATIONS**

Project coordination and input has been undertaken with every City department, LEC and staff from the North Vancouver Recreation and Culture Commission. This report has been developed in consultation with Finance and NVRC and reviewed by Planning and Development, Engineering, Parks & Environment, Legal, Clerks, and Community & Partner Engagement.

## **STRATEGIC PLAN, OCP OR POLICY IMPLICATIONS**

After serving the community of North Vancouver for more than 55 years, the existing centre, built in 1966 is quickly approaching the end of its useful life. The new Harry Jerome Community Recreation centre embraces the City's vision of *A Healthy City for All* by creating a welcoming, vibrant, and social heart of the community. Future generations of North Shore residents will enjoy the rejuvenation of this important amenity. This state of the art facility will help our citizens maintain or improve health and wellness within our community, and inspire residents to be active and connected throughout their lives.

RESPECTFULLY SUBMITTED:

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Mike Friesen  
Manager, Strategic Initiatives