2017-10-31-002

Mariners Centre Expansion

Feasibility Study



Final Report
January 2017

Prepared by:
dmA Planning & Management Services
and
Architecture49

dmA

Planning & Management Services

Jan. 27, 2017

Mr. Gil Dares
Manager
Mariners Centre
45 Jody Shelley Dr.
Yarmouth, NS B5A 4B2

Dear Mr. Dares:

Re. Mariners Centre Expansion – Feasibility Study

We are pleased to provide our final report concerning the feasibility of expanding the Mariners Centre.

The attached report describes an ambitious project that will see the redevelopment of both the existing YMCA and Curling Club as part of the Mariners Centre. This will significantly enhance the role that the Mariners Centre plays as a regional recreation complex, offering a broader range of quality recreation programs and services to area residents.

It has been a pleasure working with you on this project and we very much appreciate the role that you have played in managing both the Needs Assessment and the Feasibility Study.

Thank you for the opportunity to be a part of this study. If we can be of any further assistance, please do not hesitate to contact us.

Sincerely,

Jim Morgenstern, MCIP
Principal

cc: Anna Sampson, Architecture49

Mariners Centre Expansion Feasibility Study

Final Report

January 2017

Table of Contents

INTRODUCTION 3

Study Background and Purpose 3

Feasibility Study Report 4

EXECUTIVE SUMMARY 5

The Municipal-YMCA Partnership 5

Design Concept and Capital Costs 5

Management Considerations and Financial Analysis 6

SECTION ONE – MUNICIPAL-YMCA PARTNERSHIP ASSESSMENT 8

Partnership Assessment Purpose and Process 8

Overview: Summary of Findings 8

Moving Forward: A Framework for the Partnership Agreement 9

SECTION TWO: DESIGN CONCEPT AND CAPITAL COST 11

Introduction 11

Program 11

Design Charrette 14

Design Brief 16

Capital Cost Estimate 17

SECTION THREE – MANAGEMENT CONSIDERATIONS AND FINANCIAL ANALYSIS 18

Introduction 18

Management Considerations 18

Overall Responsibility for Facility Components 18
Additional Common and Community Space 19

Governance and Operational Considerations 19
An Expanded Role for the Mariners Centre 20

FINANCIAL ANALYSIS: YMCA 21

Introduction 21
Membership Projection – A New YMCA at the Mariners Centre 22
Membership Revenue Projection 29
Revenue Sources Other Than Membership 30
Preliminary Operating Cost Estimate 33
Net Annual Operating Cost/Municipal Contribution – Preliminary Projection 39

FINANCIAL ANALYSIS: CURLING CLUB 40

ADDITIONAL COSTS: MARINERS CENTRE 43

SECTION FOUR - CONCLUSION 46

APPENDIX A: DESIGN CONCEPT 48

APPENDIX B: DETAILED CAPITAL COST ESTIMATE 49

INTRODUCTION

STUDY BACKGROUND AND PURPOSE

The Feasibility Study is the second phase of an investigation into the possible expansion of the Mariners Centre. A Needs Assessment[1] was prepared in the initial phase. The Needs Assessment investigated the market for additional indoor recreation facilities at an expanded Mariners Centre. The study supported the following facilities:

- A contemporary aquatic centre (a 25m, six lane pool with training, instructional, recreational and therapeutic components).
- A gymnasium and additional multipurpose space.
- A replacement for the existing curling facility.

There is not sufficient demand to support both municipally owned and operated facilities and those currently provided by the YMCA; consequently if developed the aquatic and multipurpose facilities would replace the YMCA. The Needs Assessment recommended that the municipalities[2] explore a partnership where the YMCA would operate municipally owned recreation facilities.

Following the Needs Assessment, this Feasibility Study was commissioned to provide the owners/funders of the Mariners Centre with the information necessary to make a decision on proceeding with the project. The feasibility study deliverables include:

- An initial space program for major facility components and a schematic concept.
- A preliminary capital cost.

[1] Mariners Centre Recreation Needs Assessment. Final Report. August 2015. dmA Planning and Management Services.
[2] When used in this report, the term municipalities applies to the Town of Yarmouth and the District Municipality of Yarmouth, who together own the Mariners Centre, and the Municipality of Argyle, which is a funder but not owner. While we have referred to the municipalities collectively, we acknowledge that each will independently determine their position on the potential expansion of the Mariners Centre and this may result in different arrangements for funding or otherwise supporting the facility in the future.

- An assessment of the potential for a partnership where the YMCA would operate municipally owned aquatic, fitness and multipurpose facilities.
- An initial operating budget for the YMCA operated facilities and the Curling Club to indicate any additional annual costs to the municipalities.

The Needs Assessment did not include an architectural assessment. During the Feasibility Study, the architects consulted with community stakeholders, the municipalities and the YMCA on the size and characteristics of the recreation facilities addressed in the Needs Assessment. This resulted in some refinements to the facility components.

FEASIBILITY STUDY REPORT

Two reports were prepared for the study. This report summarizes findings and recommendations for all deliverables. While the conclusions are briefly noted in this report, a separate background report summarizes the detailed discussions, conclusions and recommendations concerning the municipal-YMCA partnership.

The Feasibility Study Report is organized as follows:

Executive Summary

Section One: The Municipal-YMCA Partnership

Section Two: Design Concept and Capital Cost

Section Three: Management Considerations and Financial Analysis

Section Four: Conclusion

Appendices Design Concept
Detailed Capital Costing

EXECUTIVE SUMMARY

THE MUNICIPAL -YMCA PARTNERSHIP

The potential partnership involves the YMCA operating aquatic, gymnasium, multi-purpose and fitness facilities owned by the municipalities and located at the Mariners Centre. The partnership does not deal with the existing arenas or the proposed curling facility. Based on the initial discussions between the municipalities and the YMCA, an operating partnership appears both desirable and feasible. While the details must still be negotiated, there is agreement surrounding the principles that would govern the partnership, including financial considerations such as contributions to capital and capital conservation costs and ongoing municipal contributions to operating costs. The major challenge is building confidence and commitment to the partnership. The YMCA must demonstrate the skills and resources it brings to the partnership and confirm their capacity to operate the facility efficiently and effectively.

We have recommended that a Partnership Committee be established to share information to address the municipal concerns, research approaches and terms in other comparable and successful partnership agreements, and negotiate a partnership for this project.

DESIGN CONCEPT AND CAPITAL COSTS

Developed in collaboration with key stakeholders and the Steering Committee, the design concept reflects an established vision, and a functional program that addresses the needs of the community and the operator and provides a basis for estimating capital costs. The concept integrates the old with the new, developing views into multiple recreation spaces, showcasing recreation and community. The estimated size of the expansion is 76,355 sf / 7,094 sm. In addition, there would be some renovations to the existing facility to accommodate the expansion. The opinion of probable construction cost for the expansion is $24,261,600.00 excluding all applicable taxes. This is developed for the year 2016 without escalation, and does not include soft costs (such as professional fees, furniture, fixtures and equipment, permits, legal costs, signage, land costs, etc.) which are typically estimated to be 20-25% of the overall project cost. If soft costs are included, the total project cost would be in the order of $30.3 million. Other recent projects of this type in Nova Scotia have received substantial capital funding from senior levels of government. It is reasonable to assume this project will also receive funding, but it is not possible at this time to determine the amount of these grants.

MANAGEMENT CONSIDERATIONS AND FINANCIAL ANALYSIS

If the project proceeds as envisioned in this report, the expansion will have three components: a YMCA, a Curling Club and additional community space, including a walking track, managed by the Mariners Centre. The overall management concept retains these three organizational entities with overall operational responsibility for their components of the expanded complex. The Mariners Centre Board and staff will therefore operate the arenas and the expanded community space, much as is the case today, and the YMCA and Curling Club will be largely responsible for staffing, administration, programming, and maintenance within the walls of their facilities. However, the Mariners Centre staff will assume responsibility for all shared building systems including refrigeration, HVAC, security etc. and a portion of these staff costs will be charged back to the Curling Club and the YMCA. The Mariners Centre will also continue to have responsibility for all exterior areas of the complex. Management systems will be adopted to ensure staff coordination and communication and formal agreements will cover cost-sharing and other administrative matters.

An indoor pool, gymnasium, wellness centre, and multipurpose space are the core facilities in the proposed expansion to the Mariners Centre. The Needs Assessment supported these facilities as replacements for the existing YMCA. Our analysis also supports a partnership whereby the YMCA would operate these components of the expanded Mariners Centre on behalf of the municipalities. The capital costs of the portion of the complex managed by the YMCA would be approximately $15.4 million (including soft costs) After external grants and community fund-raising, the municipal owners would be responsible for the majority of these costs. However, based on the principles governing the proposed partnership, the YMCA would also contribute to capital costs.

Our preliminary projection suggests that with new facilities the YMCA can significantly expand its membership and programming and consequently will generate revenues to cover a significant proportion of the costs associated with the components of the facility they will manage for the municipalities. However, our preliminary projection suggests an annual operating short-fall in the order of $100,000.00 which would be the municipal contribution to operating costs.

The Needs Assessment indicated that a four sheet curling rink is viable as a replacement for the existing facility. There are a number of benefits associated with incorporating a new curling facility into the Mariners Centre, including: membership growth; enhanced potential to host events; and a new activity to create a true multi-purpose recreation centre. Currently, as is the case in the majority of Nova Scotia communities, the Curling Club receives no financial support from the municipalities. The Club owns the facility (with the golf organization) and receives no municipal funding or grants to help off-set capital or operating costs. If they were part of the Mariners Centre expansion these conditions would change.

The preliminary projection of capital costs for the curling facility at the Mariners Centre is $6.7 million (including soft costs).[3] The Club has no cash reserves and would receive nothing significant from the disposal of assets. Consequently, after fund-raising and any grants from senior levels of government, the municipalities would be responsible for these costs.

The Curling Club would also require an annual municipal contribution of about $10,500.00. With a new facility, we anticipate an increase from about 130 to 160 members, despite national and provincial statistics which indicate participation in curling is declining. Currently, in most years the Club can meet its expenses through revenues, but this will not be possible at the Mariners Centre even with membership growth. Utility and other occupancy costs and labour costs will be higher and would require a municipal contribution.

Given the municipalities do not financially support curling at this time, they must decide if they are willing to fund these capital and operating costs. This will determine if curling is a viable part of the Mariners Centre expansion.

Finally, the proposed project includes an expansion of Mariners Centre community space consistent with the multipurpose nature of the new facility. This expanded space will enhance existing Mariner Centre amenities and provide a walking track. Capital costs will be about $8.1 million (including soft costs). There will also be additional operating costs for the Mariners Centre, primarily for staffing and utilities, which are estimated at $62,255.00 annually.

---

[3] [3] Because this is the expansion and redevelopment of the existing Mariners Centre and there are some shared spaces, it is extremely difficult to accurately predict the cost of each component of the building. These are best estimates.

SECTION ONE – MUNICIPAL-YMCA PARTNERSHIP ASSESSMENT

PARTNERSHIP ASSESSMENT PURPOSE AND PROCESS

The investigation of a possible partnership between the municipal owners/funders of the Mariners Centre and the YMCA is one of the deliverables of the Feasibility Study. The partnership would see the YMCA operate municipally owned aquatic, gymnasium, fitness and multipurpose facilities at the Mariners Centre. A definitive decision on the feasibility of the partnership and the terms of a partnership agreement were not products of this investigation. Rather our purpose was to determine if there is sufficient agreement among municipal owners/funders and the YMCA on the possible benefits and structure of a partnership to indicate it is a feasible option to pursue if the project moves forward.

OVERVIEW: SUMMARY OF FINDINGS

Two fundamental issues define the success of any potential partnership. The first is the willingness of the parties to enter into the partnership and the second is the terms of the agreement.

Our preliminary discussions indicate significant agreement in principle on virtually all terms of the agreement. While this discussion focused on the principles underlying the partnership rather than the detailed terms of the legal agreement, there is good reason to believe a mutually acceptable agreement can be reached.

The municipalities' concern that the YMCA would not be an effective partner is the major challenge to structuring a partnership agreement. This concern is partially rooted in the history of the YMCA in Yarmouth and its current situation but also in a lack of familiarity with the resources that the YMCA could bring to the partnership. The latter point was discussed in a joint meeting with the YMCA and the municipalities and, we believe, many of the concerns were addressed. However, there is more to be done and we have recommended the YMCA initiate a constructive dialogue with the municipalities that builds on the preliminary discussions that were part of this study. We believe this would lead to a successful partnership that would benefit the municipalities, the YMCA and ultimately the residents of the Yarmouth area.

MOVING FORWARD: A FRAMEWORK FOR THE PARTNERSHIP AGREEMENT

The following topics would likely be represented in a partnership agreement. The position taken by the partners in our discussions is summarized below[4].

- Responsibility for Capital Costs
- Capital Conservation Contributions
- Capital Fund-Raising
- Municipal Contribution to Recreation Services Delivered by the YMCA
- Contribution to Operating Costs – Guiding Principles
- Community Access and Non-Competition
- Long Range Planning and Service Evaluation
- Governance
- Complex Operations
- Shared Use

There is agreement among the parties on the general approach to capital funding. The YMCA's willingness to contribute capital is a significant feature of the proposed partnership. This is not part of many similar agreements but in the Yarmouth case reflects the YMCA's current role in the community, their capital assets and their interest in the project. The YMCA has agreed in principle to contribute to both the capital costs of construction and moveable equipment. Financing options will need to be explored that allow the YMCA to contribute over time without incurring debt. In addition, there is substantial agreement on the approach to dealing with capital conservation costs where the municipal owners would assume responsibility for major building components and the YMCA would make ongoing contributions to equipment and potentially other selected items.

There is agreement that the YMCA should play a lead role in a capital campaign.

The requirement for a municipal contribution to cover operating shortfalls associated (primarily) with the indoor pool is recognized and accepted based on the understanding that revenues generated solely by the YMCA are unlikely to cover all costs. The YMCA is committed to cost effective operations and municipal contributions will be based on a business plan that will be regularly updated.

[4] See separate background report for additional details.

The general principles governing contributions to operating costs are accepted by both parties. These would ensure, for example, that only costs directly associated with the Yarmouth YMCA and benefitting Yarmouth and area residents would be eligible for municipal contributions.

There is agreement on the principles that would govern community access, including the necessity to provide enhanced access to non-members for selected services or facilities. Facilities such as an indoor walking track would be fully accessible to all residents whether or not they were YMCA members. Selected programs such as public swimming would be evaluated as candidates for enhanced, non-member community access.

Arrangements to ensure effective communication amongst the partners and with the community will be put in place and could include cross appointment to Boards, regular reporting and advisory committees. The details will be sorted out by the partners as the project proceeds.

There were no substantive issues concerning day to day operations. Procedures will be adopted to coordinate facility operations.

Both parties agree on the importance of making the most effective use of all parts of the expanded Mariners Centre to avoid duplication and additional capital and operating costs.

There is general agreement on the approaches that would govern shared use of facilities.

The partnership agreement would include clauses protecting the branding of both the YMCA and the Mariners Centre.

SECTION TWO: DESIGN CONCEPT AND CAPITAL COST

INTRODUCTION

A preliminary concept diagram for the addition to the Mariners Centre was developed for the purpose of generating a capital construction cost estimate. The diagram identified important adjacencies and spatial relationships. It assessed opportunities and challenges of expanding an existing facility which has already received smaller additions, and estimates how much of the existing developed site would likely be disturbed. Beginning with the information determined in the Needs Assessment, we developed a reasonable program, design, and construction cost estimate for the existing building.

PROGRAM

The building program began with the areas identified in the Needs Assessment. From there the consultant team worked with the YMCA and Curling Club to confirm the specific program rooms and the square footage for programmed spaces, public spaces, and building services. The total area included in the preliminary design concept is 76,355 sq. ft. with individual functional spaces as described in Figure 2.1.

Figure 2.1	
ROOM(S) TYPE	**ROOM AREA (sf/sm)**
Public Spaces (Expansion of Mariners Centre)	
Lobby including gathering spaces, seating, and areas for display	7940 / 738
Walking Track	2950 / 270
Extended Vestibule (in addition to existing)	215 / 20
Public Washrooms (in addition to existing, first and second floor)	1105 / 103
Café/Food Services	250 / 23
Second Floor Lobby and Circulation	4625 / 430
Relocated Junior "A" Office	400 / 37
Total Public Spaces	**17,485 / 1624**
YMCA Spaces	
Reception	200 / 19
Play Area	990 / 92
Administrative Offices	930 / 86
Aquatic Centre (Competition, Recreation and Therapy Pool)	7975 / 741
Aquatic Staff and First Aid	685 / 64
Aquatic Storage and Services Note: some basement services may be located around pool basin	840 / 78
Gymnasium	6600 / 613
General and Gymnasium Storage	1120 / 104
Male Change Room	2055 / 191
Female Change Room	2410 / 224
Universal Change Room	2600 / 242
Multi-Purpose Room	3060 / 284
Wellness Centre and Storage	5670 / 527
YMCA General Circulation	3115 / 289
Total YMCA	**38,250 / 3554**
Curling Club	
Curling Club Ice Shed	10 940 / 1016
Curling Club Dressing Rooms	960 / 89
Curling Club Lounge, Kitchen, Bar, and Washrooms	3665 / 340
Curling Storage	570 / 53
Curling Mechanical	990 / 92
Curling Downstairs Viewing and Circulation	1175 / 109
Total Curling Club	**18,300 / 1700**
Building Services (Expansion)	
Mechanical	830 / 77
Electrical Room	315 / 29
Communications Room	225 / 21
Janitorial Room	90 / 8
Other Building Circulation	860 / 80
Total Building Services (Estimation TBD in Detailed Design)	**2,320 / 216**

In next section of the report, we have assigned some shared costs to the various partners based on their relative proportion of the new building area. This was done on the basis of Figure 2.1, with the areas shown for the Mariners Centre, YMCA and Curling Club. However, it was also necessary to estimate the relative proportion of the Building Services Expansion space that would be allocated to each partner. These areas serve all parts of the expansion, however, some mechanical and storage space is already included in the Curling Club and the YMCA will make greater use of these spaces than the common areas of the Mariners Centre. For the purposes of this assessment, we have allocated space as follows: Mariners Centre 18,180 sq. ft. (24%); YMCA 39,760 sq. ft. (52%) and Curling Club 18,415 sq. ft. (24%).

The building program also includes some renovations to the existing facility including:

- an extended vestibule
- renovation of the existing lobby
- renovation and expansion of the upper lobby
- renovation and expansion of the public washrooms on level 1 and 2
- the relocation of the large overhead door on the north side of the east arena
- modification of the arena boards at the new location to allow for a new entry gate for outside vehicles
- modification to the area ice refrigeration system for heat exchange to swimming pool and other areas

The plan includes more than 2,850 sf / 265 sm of plenum space in the middle of the walking track which could be used for future expansion within the building footprint. The construction of this area has not been included in the cost estimate.

The overall building area that developed from the programming exercise and concept design is:

- Building addition 1st Floor: 54,710 sf / 5,082 sm
- Building addition 2nd Floor: 21,645sf / 2,010 sm
- **Total Building addition: 76,355 sf / 7,094 sm**

Note that the areas are approximate. Final gross and net areas would be determined in a future more detailed design phase.

DESIGN CHARRETTE

Near the beginning of the process the design team hosted an integrated design session called a design charrette, to bring a variety of key stakeholders with various perspectives together to develop a scheme that would benefit the users and the region. The design charrette was led by Architecture49 architects Albert Paquette and Anna Sampson.

The design charrette started by establishing a vision for the facility expansion. Smaller groups were then formed to discuss the physical elements of the facility, and the experience they would like to see for the facility's users and staff. Ideas that came out of these brainstorming sessions included:

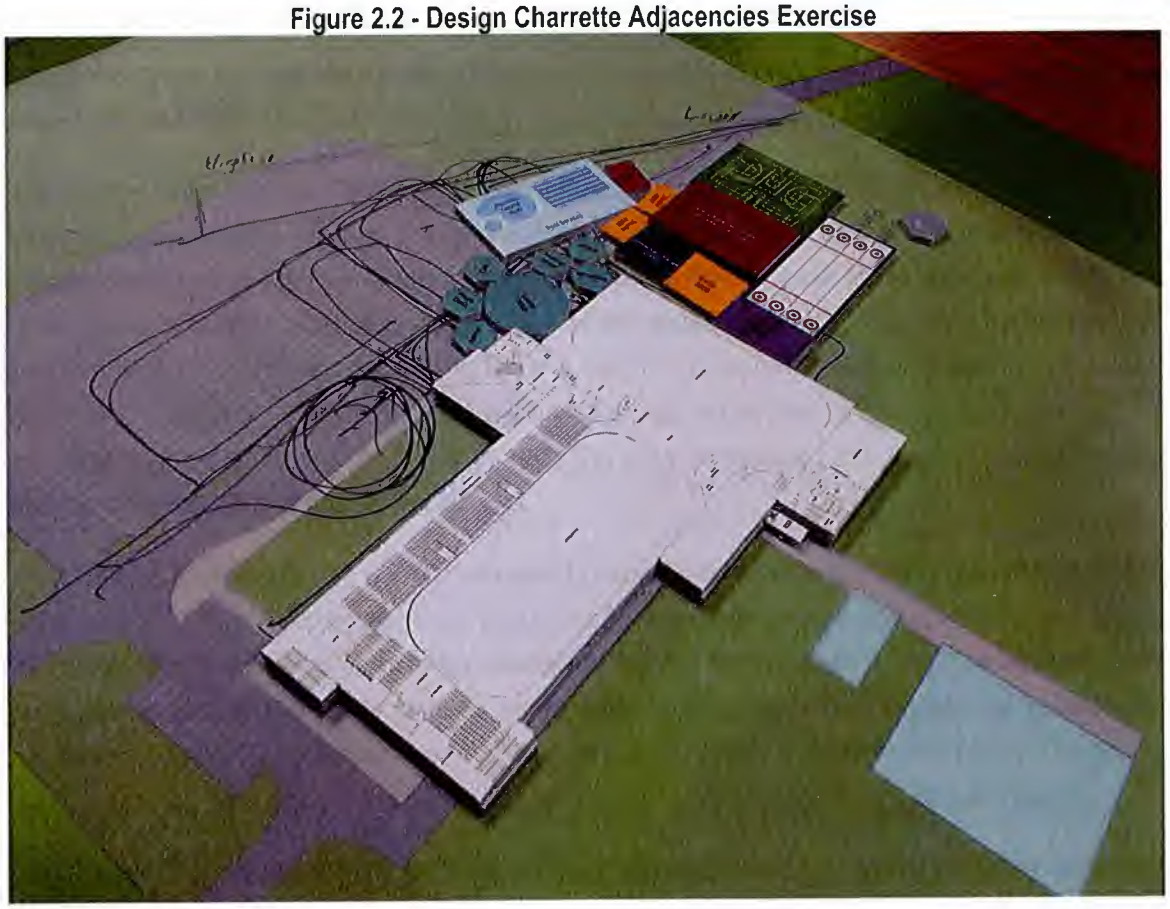
- The building expansion shall be environmentally sustainable with a focus on lowering energy consumption and building with durable materials to aid in future operational and maintenance costs
- The new and the old shall integrate with a good "flow"
- The complex shall be capable of, and desirable for, hosting events
- The complex shall be an inclusive facility
- The complex shall be a community hub, with a lobby that is more than just a lobby
- The expansion shall have a presence in the community
- The complex shall be safe and secure
- The complex shall be connected to the community by active transportation or public transportation
- The expansion shall take advantage of natural materials and natural daylight
- The site shall have green spaces which are experienced from within the building
- The expanded centre shall be a regional centre, and a source of revenue
- The plan of the expansion shall be open and engaging so that people can see the activities taking place from within
- The integration of the YMCA and the non-YMCA portions of the building is essential

The groups then reviewed the features of the site including orientation, access, visibility, security, zoning, existing landscape features, existing structures and buildings, and the surrounding neighbourhood.

From there the groups worked to position blocks representing the building program on large site maps, indicating areas of entry, adjacencies and program connections, views and circulation. Both groups positioned the expansion hugging the north east sides of the existing building. Areas that would be accessed by public members were located behind a secure area, and priority was given to visibility of the child minding. The pool in both cases was the feature element marking the front and most visible part of the

building. The location of the Curling Club was discussed in detail due to its private nature and ability to have an entrance independent of the rest of the facility. The tug-of-war was between a location close to the existing refrigeration plant and a location attached to the new addition. In the end both groups prioritized the location that incorporated it with the new addition.

Figure 2.2 - Design Charrette Adjacencies Exercise



The Architecture49 team used the results of the design charrette to develop a preliminary concept design for the layout of the building. A preliminary concept was presented to the Steering Committee for feedback and additional revisions were made resulting in the concept illustrated in Appendix A.

DESIGN BRIEF

The design presented in this study is a high-level architectural exercise, which aims to test the building program and to inform the Class "D" cost estimate. At this stage, no engineering consultants have been involved in the design process. Further study regarding the building's placement on the site is required (e.g. height restrictions, geotechnical reports). The design presented in this report will go through changes as the project movers toward a detailed design phase.

The addition to the Mariners Centre grows from the existing lobby space, establishing a "T-shaped" public lobby which appreciates views to all new major program components. Once a user enters through the expanded vestibule at the main entrance, they may take the familiar route to the arenas, or they will be drawn through the new addition, enjoying views to the aquatic centre, Curling Club, gymnasium, and overhead to the walkers circling the track. There is also the opportunity to provide views into the existing east arena. The main point of reception is situated at the intersection of the "T", easily spotted and providing clear surveillance of the facility by staff. The lobby is populated with a café, public washrooms and many opportunities for seating and displays.

The members of the public with a YMCA membership would enter at a secure point adjacent to reception. Male, female and universal change rooms lead to the aquatic centre and are across from the gymnasium. An interior feature stair leads users to the wellness centre and multi-purpose rooms. The wellness centre enjoys views outside and to the aquatics centre, while multi-purpose users witness the action in the gymnasium below. A new elevator makes the second floor accessible from within the YMCA. The existing elevator services those going to the second floor public area or the Curling Club viewing and lounge.

The Curling Club benefits from a separate entrance, maintaining independence, but gains from being accessible and visible from within the larger facility. Members can access the Club on both levels from inside or directly from the secondary south building entrance. The ground floor is principally reserved for access to the ice and changing, while the lounge on the second floor is ideal for viewing and socializing.

The 300ft 3-lane walking track is situated on the 2nd floor and accessible to all who enter the facility from the existing feature stair or elevator. It enjoys views into the lobby below, east arena, aquatics centre and a close connection to the wellness centre. The space the walking track circles may be built out as a floor and

used for public programming or it could be a walled plenum space to be used for future expansion. Benches and lockers flank the track for its users.

Despite having separately operated components, the proposed addition to the Mariners Centre feels like one cohesive facility.

CAPITAL COST ESTIMATE

The Class "D" Capital Cost Estimate prepared by Hanscomb Inc. can be found in Appendix B. It has been prepared in 2016 dollars, requiring future cost planning to consider escalation to the dates of construction. The Capital Cost estimate includes only construction costs and does not include soft costs. Soft costs include items such as professional fees, furniture, fixtures and equipment, permits, legal costs, signage, land costs, etc. and typically range from 20%-25% of the total project costs. The estimate also does not include applicable taxes[5].

The construction cost estimate includes the cost of the addition and the renovation of the existing building spaces identified in orange on the schematic plans in Appendix A. It also includes the renovations required to relocate the existing overhead door in the east arena to a new location where it can be accessed directly from the exterior of the building. Lastly, it includes upgrading the existing arena refrigeration plant for an efficient heat exchange between it and the new facility additions.

The opinion of probable construction cost for the expansion of the Mariners Centre, including necessary renovations related to that expansion plan, is $24,261,600.00, or about $30.3 million with soft costs included. In the past decade, a number of major multi-purpose recreation complexes have been developed in Nova Scotia. All of these projects have received funding from senior levels of government to partially offset capital costs. While the amount of any such funding is unknown, it is reasonable to assume the Mariners Centre expansion will be eligible for funding from senior levels of government.

[5] See Appendix B for a detailed discussion of exclusions and cost assumptions.

SECTION THREE – MANAGEMENT CONSIDERATIONS AND FINANCIAL ANALYSIS

INTRODUCTION

This chapter addresses two major points. The first part is a discussion of management considerations that affect the relationship between the three parties that would provide recreational services at an expanded Mariners Centre. The second part is an initial projection of net operating costs for the YMCA and the Curling Club at an expanded Mariners Centre. We have also discussed additional costs that will be incurred by the Mariners Centre.

MANAGEMENT CONSIDERATIONS

Overall Responsibility for Facility Components

The three facility components of the proposed project, the existing Mariner Centre and a new Curling Club and YMCA, are relatively distinct operating units providing a distinct "package" of recreation services focused on arenas/major event space; curling; and aquatics, wellness and gymnasium/multipurpose programming. Each component is operated by an existing organization. We believe this should largely be the management model for an expanded Mariners Centre. Consequently, each of the existing organizations will assume primary responsibility for all operations within their walls. Staffing, administration and office functions, programming, and day-to-day maintenance will be independently managed in these three components of the larger Mariners Centre.

This will not be the case for major building systems and the grounds. Overall responsibility for the operation and the maintenance of the ice and aquatic plants, HVAC, building structure and envelop for the entire complex will be the responsibility of Mariners Centre staff. The YMCA and the Curling Club will contribute to these costs and, as discussed further below, systems will be established to ensure effective coordination – but responsibility will ultimately rest with the Mariners Centre acting on behalf of the municipalities as the owners of the capital asset. Mariners Centre staff currently cut the grass and clear the snow (the latter done in part through outside contractors). The Mariners Centre staff also deal with external organizations using the grounds, most notably the Agricultural Society for the Fall Fair. This should continue at an expanded Mariners Centre.

Additional Common and Community Space

The expansion will include additional common and community space such as the walking track, an expanded lobby, washrooms, the café and social/viewing areas and internal circulation and corridors. These areas account for about 18,180 sq. ft. or 24% of the expansion[6]. We believe these areas should be treated as an addition to the Mariners Centre and be the responsibility of Mariners Centre staff. These community spaces enhance the role of the Mariners Centre as a multi-purpose recreation centre and community meeting space. The design, which necessitates the corridors, viewing areas and social space, was developed to create a community hub and contribute to a major multipurpose facility. It would have been possible to provide separate, exterior entrances to both the YMCA and the Curling Club and no connection between the three facilities. This would have significantly reduced the corridors and common areas, but eliminated the multipurpose nature of the facility which was a major objective of the expansion project. In large part, we believe the primary purpose and benefit of these spaces can be assigned to the community at large. However, an argument could be made that the YMCA enjoys a special relationship with the common areas immediately adjacent to their reception space/main entrance. (see design concept in Appendix A). This social and food service area will be available to all Mariners Centre users, but YMCA users are likely to be well represented. Furthermore, social/food service space would typically be included within a free-standing YMCA. Consequently, while these areas will be managed by the Mariners Centre, a portion of the cost will be assigned to the YMCA.

Governance and Operational Considerations

Assuming the municipalities enter into an agreement with the YMCA for the operation of the aquatic, wellness and gymnasium components of the facility[7], the Mariners Centre, YMCA and Curling Club Boards will be responsible for governance of their respective components of the complex. This is consistent with existing practice. A formal procedure for communication among the Boards is probably not required. Presumably they would meet as required.

---

[6] See discussion in Section 2 for details.

[7] The operating assumption for this analysis has been that the Mariners Centre Board would continue to have responsibility for the Mariners Centre and the YMCA would operate the aquatic/gym component of the complex. If the municipalities elect to go ahead with the project without the YMCAs involvement, a detailed review of governance options should be undertaken to evaluate alternatives to the current Mariners Centre Board of Management model, and if warranted, make revisions.

Both the YMCA and the Curling Club would enter into formal, contractual relationships with the municipal owners. These contracts would define the significant operating relationships between the parties, including ownership of assets, financial obligations, insurance and liability; termination of the agreement, etc. These contracts will largely define the management and operational structure.

For the ongoing operation of the facility, two internal, staff coordinating committees should be formed. The Mariners Centre General Manager, the YMCA CEO and a representative of the Curling Club should be represented on both committees. The first would deal with maintenance and the physical plant, and would also include the Mariners Centre Supervisor of Maintenance and Operations and the YMCA's Maintenance Supervisor. The second committee would deal with general operations and the YMCA Centre Manager should be represented on this committee. The Committees might meet quarterly with special meetings as required.

An Expanded Rd e for the Mariners Centre

We should expect two changes in the role of the Mariners Centre staff with the addition of the YMCA and the Curling Club.

The expansion will present opportunities to enhance the Mariners Centre role as the leading entertainment and event venue in southwestern Nova Scotia. The Mariners Centre has been extremely successful in attracting events. Staff has aggressively pursued this role and assembled the expertise and equipment to host a wide range of sport, recreation, culture and entertainment events. With curling facilities, a 25 m six lane indoor pool and gymnasium and multipurpose space, the opportunities to host events is significantly enhanced. Mariners Centre staff has the experience and expertise to organize these events and should continue to work with the Curling Club to organize bonspiels and create similar relationships with the swim team and other sports groups. Without unduly inconveniencing YMCA members, we expect access to the additional space provided by the gym and multipurpose areas can open up other possibilities for occasional special events.

In addition to an expanded event role, Mariners Centre staff are assuming a larger community programming function by virtue of their control of the walking track and the common areas. While these are not heavily programmed areas, they will be well used by the community and contribute significantly to

recasting the Mariners Centre as a multipurpose, community hub. These areas will occasionally be formally programmed by community groups and associations (e.g. use of the walking track for a heathy living promotion) and the common areas can be used for displays, presentations and promotions. While this is not a direct programming role because a community group or organization will deliver the program, Mariners Centre staff will play a role in facilitating and managing these events.

These management considerations are reflected in the staffing and financial analysis that follows.

FINANCIAL ANALYSIS: YMCA

Introduction

This is a preliminary projection of revenues and expenditures for the areas under the direct control of the YMCA (indoor pool, gymnasium, fitness/wellness facilities and multipurpose space) at an expended Mariners Centre.

Operations at the existing Yarmouth YMCA were our starting point for much of the financial analysis. This provides a strong baseline rooted in actual operations and consequently provides a higher degree of confidence in a number of the estimates than would generally be possible with a new facility in a new market. Nonetheless, the estimates are based on a number of assumptions, some of which will likely need to be refined with further analysis before the municipalities and the YMCA have sufficient confidence to proceed with the project. This further refinement will happen in part through the negotiation of a partnership agreement. However, additional market research may also be warranted. Ideally, accurate up-to-date market research data would be available to assist in projecting membership and associated revenues. This would involve a random, representative survey of the catchment area, likely complemented by focus groups, specifically addressing perceptions of the YMCA; interest in and barriers to membership; willingness to pay, etc. Compiling this information was not within our scope of work. There may be merit in undertaking this type of additional analysis. However, this is a complicated research undertaking. Survey instruments designed by professionals with expertise in market analysis and research on price-points are essential. Statistically significant results with required confidence levels must be assured by the sample size and methodology. Further, because many respondents to a survey will be asked about their

willingness to pay for an unfamiliar product or service, the survey should be complemented by focus groups or other research methods.

Our projections of revenue and expenditures are for a fully operational new YMCA located at the Mariners Centre. It is unlikely that membership targets will be met in year one. In may take up to 3 years to achieve these targets, although many new YMCAs, including the Pictou facility, significantly exceeded their early membership expectations. Because many costs are fixed and revenues are largely tied to membership, any required municipal contributions to operating costs may be higher than indicated by our analysis in the first two years of operation. This should be explored further during the partnership negotiations.

The discussion is organized in five parts:

- Membership – an estimate of the membership of a new YMCA
- Membership Revenues - the projected revenue from members
- Other Revenues – a discussion of other revenue sources
- Expenditures – an initial estimate of operating costs, including staffing, occupancy costs, administration, supplies and other typical expenditures
- Municipal Financial Contribution – projected contribution by the municipalities to recreation services provided by the YMCA and additional Mariner Centre costs

Membership Projection – A New YMCA at the Mariners Centre

Membership is the primary source of revenue for YMCAs. Excluding grants, subsidies and fund-raising, membership fees accounted for about 70% of all revenues of the Yarmouth YMCA[8]. A critical consideration therefore is the projected membership of a new, expanded and improved YMCA serving Yarmouth and area.

The existing YMCA's membership has been fairly consistent at about 1,100 in recent years. We will discuss the catchment area population for a Yarmouth area YMCA further below, but this was assumed to be about 25,000 for the Needs Assessment.[9] Based on this catchment area population, the YMCA's membership penetration is 4.4%. This is very low based on the experience of most other YMCAs that have improved and expanded their facilities. The following discussion revisits the catchment area population from the

[8] Anticipated 2016 budget, based on the 2016 Operating Budget Comparison.
[9] Mariners Centre Recreation Needs Assessment. Final Report. August 2015. dmA Planning and Management Services.

Needs Assessment; suggests a membership penetration rate for the proposed Yarmouth area YMCA, and provides an estimate of membership revenue.

Catchment Area Population

The Needs Assessment defined the Mariners Centre service area as the County of Yarmouth. The County includes the Town of Yarmouth, the Municipality of the District of Yarmouth, the Municipality of the District of Argyle, and the First Nations community of Yarmouth (Reserve 33). The three municipal units fund the Mariners Centre and contribute the majority of current users.

The service area 2011 population was 25,275, down from 27,310 in 1996. There are no population projections available for the service area, but based on discussions with municipal and other agency staff, we have assumed a stable population of 25,000. A stable future population would reverse the trend of moderately declining population and as such may be an optimistic scenario. However, there are a number of community and economic development agencies focused on promoting the area and retaining and attracting investment, so it is a reasonable assumption for this assessment.

Competition from Other Comparable Facilities

There are no other comparable facilities in the catchment area. Indoor pools, which are the key consideration in defining competing facilities, are located in Bridgewater and Cornwallis, with driving times of just over 2 hours and about 1 hour and 20 minutes, respectively.

For all residents in the catchment area, the YMCA at the Mariners Centre would be the closest comparable facility. The population is primarily concentrated along the Highway 101/103 corridor that terminates at the Mariners Centre location in Yarmouth. Many catchment area residents would be within a 15 minute drive time of the facility, and very few would be over 30 minutes away. This is a reasonable commute in rural areas to access a high quality recreation complex, particularly one offering a modern indoor pool and first class wellness facilities.

Visitors and Non-Residents

Yarmouth acts as a major entry point for visitors to Nova Scotia. Visitors might be seen as YMCA users that would augment the catchment area population. However, tourists do not typically make extensive use of municipal aquatic facilities unless they have a major leisure feature (waterslide, wave pool) which will not be the case for the proposed facility. The YMCA fitness and aquatic facilities could be marketed in

partnership with local hotels to generate some day-pass use, but for the purposes of this assessment we have assumed the catchment area population will not be increased due to visitor use.

Conclusion: These considerations confirm the catchment area population used for the Needs Assessment. Our analysis will be based on a catchment area population of 25,000 for a new YWCA located at the Mariners Centre.

Membership Penetration Rate

Membership penetration rates refer to the proportion of the catchment area population that are YMCA members. Other YMCAs in somewhat comparable situations provide a useful perspective on membership penetration rates. Figure 3.1 provides information on catchment area population and membership market penetration for YMCA facilities in Ontario[10], Nova Scotia and Newfoundland. In most cases, these YMCAs are comparable in size and features to the proposed Yarmouth area facility. In addition, all involve some type of partnership with their municipalities and serve relatively small markets.

The Ontario YMCAs and the Pictou YMCA serve populations ranging from about 20 to 50,000. The Marystown and Fundy YMCAs serve smaller populations. In most cases, these YMCAs include a 25m six lane pool, fitness/wellness centres, gymnasia and multipurpose space – comparable to the facilities proposed for the Yarmouth area YMCA. The Goderich and Pictou facilities also include arenas and the Clarence-Rockland facility is part of a larger complex with a secondary school and library. In all cases the YMCA has entered into some form of agreement with a municipality around facility operations.

[10] The information on the Ontario facilities was compiled in previous studies by the consultant and is about 6 years old. However, it was collected after a few years of operation and we have no reason to believe it is not relevant for our purpose.

Figure 3.1: Comparable Cases[11]

	Wasaga Beach (ON)	Clarence Rockland (ON)	Goderich Huron (ON)	Quinte West (ON)	Pictou (NS)	Marystown (NFLD)	Cumber-land (NS)	Fundy (NS)
Catchment Area Population	35,000	23,000	21,000	50,000	41,000	15,000	26,000	17,500
Market Penetration	10%	13%	14%	11%	10%	10%	4%	5%

Most of the comparable cases suggest that the percentage of the catchment area population that holds some form of membership with the YMCA ranges from about 10% to 14%. The exceptions are the Fundy and the Cumberland facilities. In the case of the Fundy YMCA, this might be attributed to a lower overall population dispersed throughout a relatively large catchment area. In the case of the Cumberland facility, located in Amherst, Nova Scotia, the lower membership penetration rate is likely explained by the nature of the facility. This is an older YMCA, in some respects comparable to the existing Yarmouth facility. In addition, while the population of Cumberland County is over 30,000, some residents outside Amherst would have more convenient access to facilities in Truro and, to a lesser extent, Moncton.

We believe a membership capture rate in the 8-12% range is a reasonable starting point for a new YMCA at the Mariners Centre. This initial estimate can be refined by considering:

- The socio-demographic characteristics of the population in the catchment area.
- Reported interest in and demand for improved recreation facilities from the Needs Assessment.
- Other considerations that may influence membership at a new YMCA at the Mariners Centre.

[11] The information assembled for the case studies is not always for the same years. In addition, there are some variations in the manner in which the data was reported.

Characteristics of the Catchment Area Population

The most significant socio-demographic characteristics for membership penetration rates are family and household structure, age and income.

The population is growing older and has fewer family households with young children. This might suggest less market capture if the pool was a traditional 25m tank designed primarily for training and instruction. However, a well-designed pool with therapeutic components and appropriate programming would be attractive to older adult users, particularly since recent retirees tend to have more free time, disposable income, and many are seeking significant health benefits that aquatic participation offers. Research on today's older adults suggests they are a strong market for high quality, appropriately designed YMCA type facilities. While YMCAs have traditionally had a stronger focus on families and children, the national demographic shifts are clearly understood by the organization and increasingly, like all other service providers, YMCAs will re-orient their programming and services to cater to a rapidly expanding older adult market. On balance, therefore the age profile of the community is not anticipated to significantly affect membership penetration rates.

Household income would generally point to lower levels of membership at a YMCA. Yarmouth County (the study area) generally reports lower household incomes than the Province[12]. To understand more fully the implications of lower income levels, additional market research would be necessary. In other studies we have completed, there was much less price sensitivity than anticipated by average household incomes. Nonetheless, the lower than average incomes in the catchment might suggest fewer memberships than one might expect at other YMCAs. It should be noted that all YMCAs have policies in place to ensure income is not a major barrier to participation. The Yarmouth YMCA has a significant number of assisted memberships and this will offset to some extent the impact of lower household incomes.

In 2015, all YMCAs in Nova Scotia prepared market profiles. The profiles identified a trade area and associated population, based on existing membership. Unfortunately, no attempt was made to project the potential for growth with new and expanded facilities that would have been relevant to this discussion.

[12] See Needs Assessment Report for additional discussion.

However, the existing population in the trade area was compared to other benchmark YMCA trade areas of similar size and population density on key demographic attributes influencing membership sales. The Yarmouth YMCA trade area was comparable to or better than the benchmarks on a number of attributes positively correlated with membership including population in the 5-19 and 50-59 age cohort, households of 4-5 people, and white collar occupations. However, it had below average values relative to the benchmark on a number of key variables negatively correlated with membership including population in the trade area, population growth, household income characteristics and potential spending on recreation. The analysis does not reach an overall conclusion with respect to the positive and negative indicators and, as noted above, is based on the existing YMCA membership, which restricts the trade area and the overall trade area population. Nonetheless, the attributes associated with income are significant and were also reflected in the Needs Assessment input, as discussed below.

Interest in the Facility – Restricted Participation

As part of the Needs Assessment, 465 households representing about 1,300 individuals in the Town and the District of Yarmouth and the Municipality of Argyle completed an on-line survey[13] that explored their interest in and potential use of new or improved recreation facilities. Findings included[14]:

- The majority of respondents (78%) feel that new or replacement facilities are required in the Yarmouth area to meet their household needs. The most frequently mentioned facilities were an indoor pool followed by multi-purpose space.

- Seventy percent (70%) of respondents said that there are indoor recreation or leisure activities or programs that they or other members of their household would like to participate in but cannot at this time. The most frequently mentioned activities were running or walking on an indoor track (75%) followed by recreational and fitness swimming (35%).

- The most frequent reasons provided for not currently participating in desired leisure activities were 'I don't have enough time' and 'participation costs are too high'.

[13] The survey was not based on a random sample and is therefore not statistically valid. It likely over-represents potential facility users and supporters. The survey had a very high response rate and provided a good cross-section of responses that were relatively proportionate to population in the catchment area municipalities. For this reason it may have some relevance to our analysis.
[14] Mariners Centre Needs Assessment. Planning Context Background Report. June 2015.

- Just over fifty percent (54%) of respondents or members of their household have used the Yarmouth Y.M.C.A in the past year. With 20% of respondents or members of their household currently holding a membership.

The results of the survey indicate a high degree of interest within the catchment area for new or improved recreation facilities, and most importantly, aquatic facilities. The concern over the cost of participation is a significant caution consistent with our earlier discussion; however, as noted above, this would be mitigated to some extent by the YMCA's financial assistance programs. Consequently, the impact of lower household incomes may be a higher than average number of assisted memberships, which would impact revenue, but not the membership capture rate.

Other Considerations

- Location at the Mariners Centre. The Mariners Centre is a much more desirable location for the YMCA and the re-location would almost certainly improve its membership draw within the region. Co-location with the Mariners Centre and Curling Club increases the exposure of the YMCA and facilitates joint visits. This in itself will boost membership. In addition, the location at the intersection of Highways 101 and 103 significantly improves accessibility within the catchment area. Finally, the community strongly supports this location – 97% of those answering the Needs Assessment survey indicated the Mariners Centre was the preferred location for new or replacement recreation facilities in the Yarmouth area.
- Established partnership of the municipalities. The willingness of the area municipalities to jointly participate in this study, and the cost sharing and other partnerships they have entered into in the past for recreational services, mostly notably at the Mariners Centre, are positive signs. They indicate willingness by municipal Councils and the residents they represent to support major recreation facilities as regional initiatives.
- The Mariners Centre's role as a regional service centre for recreation and entertainment. The redevelopment of the YMCA as part of the Mariners Centre would enhance this role.

The considerations discussed in this section of the report suggest a YMCA at the Mariners Centre would capture members at the lower end of the range identified for comparable facilities. The long history of the YMCA in the Yarmouth area and the existence of an established membership base are positive signs. In addition, the absence of a competing facility and the high levels of reported need and interest in improved aquatic facilities, as well as the experience of other YMCAs that have upgraded their facilities point to a strong membership capture rate. However, these positive signs are balanced by the income and demographic profile of the catchment area. In addition, we are dealing with a geographically large

catchment area and have assumed a stable population, which may be an optimistic scenario. With the information that is currently available, a reasonable projection is a 10% market penetration assumption for a new YMCA at the Mariners Centre.

Conclusion: Membership for a new YMCA at the Mariners Centre is estimated at 10% of the catchment area population of 25,000, yielding approximately 2,500 members.

Membership Revenue Projection

Not all members contribute to revenues. There are membership classifications that are complimentary, such as YMCA employees and lifetime members. In addition, a number of membership categories, such as assisted and family, capture more than one member. Consequently, to calculate revenues we need to both eliminate non-paying members and translate members into memberships. We did this based on Yarmouth YMCA actuals for the months of January, April, August and November 2016 (four months were used to reflect seasonal variations). An analysis of this information indicated that on average the Yarmouth YMCA had 1267 total members (both paying and non-paying), of which 925 were paying and together accounted for 628 memberships. Applying these same proportions to the projected membership of 2,500 at the new YMCA, results in 1,240 revenue producing memberships.

To project membership revenues, the 1,240 memberships were allocated to categories based on the existing (2016) profile. Current annual membership costs were then applied. The fee assisted membership category includes a combination of fully and partially subsidized memberships and different membership categories; consequently the annual fee is the average for this category of membership in 2015.

Annual revenue from memberships is projected as $585,090.00. (Figure 3.2).

Figure 3.2: Estimated Membership Revenues

Membership Category	Annual Fee	Number of Memberships	Annual Revenue ($)
Adult Single	$547	432	$236,304.00
Adult Couple	$967	42	$40,614.00
Family (Single Parent)	$668	100	$66,800.00
Family (Two Parent)	$1,005	51	$51,255.00
Senior	$438	180	$78,840.00
Student	$332	257	$85,324.00
Youth	$225	84	$18,900.00
Fee Assisted	$75	94	$7,050.00
TOTAL		1,240	$585,087.00

Revenue Sources Other Than Membership

Sources of revenue other than paid memberships are estimated at $362,250.00, as shown in Figure 3.3. The estimate does not include municipal contributions. In addition, building fund fees, which are typically a one-time fee collected at the time of purchasing a membership, are not included in this revenue projection. While customary at some YMCAs, it is not currently the Yarmouth YMCA's practice to collect these fees.

Figure 3.3: Revenue Sources Excluding Membership

Program Revenue	$152,250.00
Facility Rentals	$45,000.00
Donations and Fund-Raising	$140,000.00
Other Revenue	$25,000.00
TOTAL	**$362,250.00**

Program Revenue

Program revenue, which includes day passes, at the existing YMCA is about $87,000.00.[15] It is difficult to estimate revenues in this area because they are connected to memberships. While many programs such as swim lessons have fees for members and non-members, the members' fee is lower. Given the projected increase in membership, we expect in the future a larger proportion of program participants will be members. In addition, the existing facility limits the services that can be provided to some members, such as youth, and consequently they are now more likely to participant on a program fee than a membership basis. In the new facility, we might expect an increase in members, partially offset by a decline in program fees. Finally, programs such as the school swim program are likely more connected to the population than the quality of the facility and increased participation may be limited. Nonetheless, the proposed new YMCA will be a premier recreation facility and provide a much wider range of quality programming opportunities than has been available in the past. As noted in our earlier discussion, we have adopted a somewhat conservative membership projection, in part because of the lower incomes in the catchment area. Individuals and families unwilling to pay for a full membership may elect to use the YMCA on a pay-as-you-go and program specific basis. This should increase program revenues. For the purposes of this preliminary projection, we have assumed program revenues will increase by 75% to produce annual revenues of $152,250.00.

Facility Rentals

Facility rentals include the pool and other indoor programming areas and currently account for about $37,000 in annual revenues at the Yarmouth YMCA.[16]. The swim team and individuals in the community renting the pool for birthday parties and other special occasions account for about $15,450.00. We should expect this to increase. Access to a six lane 25m pool should both attract additional participants for the swim team and with a regulation size pool and appropriate supporting facilities more meets could be accommodated. While expanded programming and additional demands of a larger membership will limit the private rental opportunities, the pool will be more attractive for this purpose and the YMCA will be able to accommodate rentals with two tanks instead of one. Consequently, we would expect more private rentals as well as a slightly higher rental fee to reflect the quality of the facility. We have assumed pool rental revenue in the order of $25,000.00

[15] 2016 Annual Budget for day passes, adult and youth courses and school swim programs.
[16] 2016 Annual Budget.

While the new YMCA will also be more attractive for other facility rentals, these will be more constrained. The existing YMCA has a good deal of multipurpose programming space that can accommodate a wide range of rentals, including some long term arrangements with community groups such as Kids Act. The proposed YMCA is a much more efficient design where an attempt has been made to ensure the available program space is closely matched to anticipated use. This will result in less surplus space that is available for private rentals.

We have assumed facility rentals will decline slightly to be in the order of $20,000.00 for a combined pool and facility annual total of $45,000.00

Donations and Fund-Raising

We have assumed that the YMCA will continue to fund-raise through its annual campaign and special events and will continue to operate its lottery. These activities were anticipated to raise about $147,000.00 in 2016[17], however, net income will vary from one year to the next. We have assumed $140,000.00 in net income from fund-raising. While we have assumed that fund-raising continues to make a significant contribution to YMCA operating revenues, this income is much more vulnerable than other sources. Competition from other fund-raisers or changes in legislation could undermine revenues. If this occurred, additional municipal contributions would likely be the only way to offset the lost income.

Other Revenue

Other sources of revenue include such things as merchandise sales (swim caps etc.), net income from vending machines, locker rentals, program sponsorship contributions (e.g. Tim Horton swims) administrative fees and other miscellaneous income. The estimate is based on the existing experience at the Yarmouth YMCA[18], increased by 75% to reflect the increase in membership.

[17] 2016 Annual Budget for Annual Campaign, Special Events and net revenue from the Lottery.
[18] 2016 Annual Budget for General Contribution, Locker Rental and Merchandise Sales.

Preliminary Operating Cost Estimate

Operating costs were estimated using a number of assumptions regarding staffing and facility expenditures, as discussed below. These preliminary projections should be refined as the project proceeds. Additional work and further confirmation of the assumptions adopted for this preliminary estimate will be undertaken during the negotiation of the partnership agreement with the municipalities. The operating costs will be developed further as planning for the project continues and before any decisions are made concerning the financial feasibility of the project.

The existing Yarmouth YMCA was the starting point for estimating operating costs for a new YMCA at the Mariners Centre. The move to the Mariners Centre will have little impact on some expenditures, such as administrative items and office supplies. However, major differences can be anticipated for other costs such as staffing, utilities and some program expenditures. The assumptions governing our operating cost estimates are discussed below.

Staff Costs

The senior management team for the Yarmouth YMCA includes the following full time positions:

- Chief Executive Officer (one-third time committed to Yarmouth)
- Chief Financial Officer (one third time committed to Yarmouth)
- Centre Manager
- Aquatics Supervisor
- Health/Fitness/Recreation and Membership Supervisor
- Maintenance Supervisor

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are shared amongst the three YMCA locations in South Western Nova Scotia, with one-third of their time and expenses charged to the Yarmouth YMCA. We have assumed this situation will continue and Figure 3.5 reflects current budget allocations[19].

[19] 2016 Annual Budget allocation for Shared Services.

The current full time staff dedicated to the Yarmouth YMCA include the Centre Manager, with three reporting supervisors responsible for Aquatics[20], Maintenance, and Health, Fitness, Recreation (HFR)/Membership. Given the significant increase in membership and programming at the new facility, we believe the full time management team should be increased to five positions. While the YMCA will be responsible for reviewing its staffing when the new facility opens, many centres of this type would have a Youth Coordinator as a full time position. We have assumed five full time management positions at the new YMCA.

While we have used current salaries for full time positions as are starting point, these are lower than we would expect in comparable facilities. With a larger more active facility, the current job descriptions will change with additional responsibilities and workload, resulting in higher levels of remuneration.[21] Based on the proposed five full time positions, the total budget allocation for full time staff salaries is $182,875.00. Benefits are an additional 17%, which reflects the current benefit burden for full time YMCA staff.

Part-time staff report to each of the supervisors. The allocation for part time salary costs is based on the existing Yarmouth YMCA operation and the projected increased programming and membership[22]. However, not all categories of part time staff were increased by the same amount. Staffing requirements for aquatics, HFR and Membership are most directly connected to increased use. While doubling the membership will often result in more participants in a program or using the facility without a corresponding increase in instructors or staff; in most cases increased members and an absolute increase in the number of programs and users of the pool will require additional part-time staff. We have increased these budgets by 65%. Part-time maintenance staff costs have been increased by 40% to reflect higher levels of use offset be a new building that will be more efficient to maintain. Benefits for part time staff vary between about 7-10% with an average of 9.1%. The average was used in the estimate in Figure 3.5.

[20] The current Aquatics Supervisor is about 85% full time because the position assumes some responsibilities for outdoor swimming activities operated by the municipal recreation department which covers these costs. However, given the significantly expanded responsibilities with the new aquatic facility, this will be a full time position.
[21] We have assumed a 10% increase in current overall staff costs for these positions.
[22] Salary costs associated with the lottery are excluded from this discussion because the revenue projected din Figure 3.3 is net of costs.

Finally, the staff cost projection includes a charge-back for the YMCA's portion of the Mariners Centre's staff.[23]

Figure 3.5: Staff Costs

Shared Service Staff (CEO/CFO) – Wages and Benefits	$55,000.00
Full Time Staff	$182,875.00
Full Time Staff Benefits	$31,090.00
Part Time Staff	$264,845.00
Part Time Staff Benefits	$24,100.00
Charge-Back – Mariners Centre Staff	$22,250.00
TOTAL	**$580,160.00**

Utilities

The annual cost of electricity and oil heating for the proposed expansion of the Mariners Centre has been estimated at $4.64 per sq. ft.[24] . This is an average and we should expect higher costs in the YMCA portion of the facility than in the curling rink and the common areas. Consequently, we have estimated utility costs for the YMCA areas at $6.00/sq. ft. and for the Curling Club and Mariners Centre expansion at $3.50/sq. ft. and $3.00/sq. ft. respectively, which is consistent with the overall average of $4.64/sq. ft. Based on the area attributed to the YMCA[25], utility costs would be $244,560.00. An additional $20,000.00 has been estimated for water costs based on the current experience at the YMCA and a much larger pool tank, for a total of $264,560.00.

[23] See discussion in the Mariners Centre section of this chapter for details.
[24] This estimate was provided for the proposed facility as part of the cost assessment undertaken by Architecture49. This figure assumes no savings associated with integrated heat recovery.
[25] Based on the 39,760 sq. ft. attributed to the YMCA proper (see Figure 2.1 and associated discussion) plus responsibility for 2,000 of the 18,000 sq. ft. of common space. This would be the social and food service area directly adjacent to the YMCA entrance and reception space. As noted in the text, costs were calculated based on $6.00 and $3.00 per sq. ft.

Maintenance and Supplies

Figure 3.6: Maintenance and Supplies

Cleaning and Maintenance Supplies	$12,000.00
Building Maintenance and Repair	$18,000.00
Equipment Maintenance and Repair	$8,000.00
Pool Chemicals	$10,000.00
TOTAL	**$48,000.00**

Building maintenance and repair includes contracted services and minor building repairs. Equipment maintenance and repair includes costs associated with repairs to fitness equipment. These cost estimates may overstate requirements in the initial years of operation when the building is new.

Program Costs

Figure 3.7: Program Costs

Program Supplies	$12,000.00
Volunteer Training/Recognition	$4,000.00
Medical and Safety Supplies	$2,000.00
TOTAL	**$18,000.00**

Aquatics represent the major cost associated with program supplies and this is a significant increase over the existing YMCA budget to reflect the new aquatic facilities and their potential for programming. A small allowance is provided for volunteer recognition and training; staff training is included in the administration budget (see next section).

Administration, Overhead and Other

Administrative, overhead and other costs are summarized in Figure 3.8.

Figure 3.8 Administrative, Overhead and Other Costs

Marketing and Promotion	$15,000.00
Office Supplies and Postage	$8,000.00
Office Equipment (contracts, maintenance, lease)	$7,000.00
Telephone/Internet/IT Maintenance and Support	$12,000.00
Insurance	$30,000.00
Professional Fees	$10,000.00
Professional Development, Training, Memberships	$8,000.00
YMCA Allocation	$25,000.00
Travel, Bank Charges and Misc.	$20,000.00
TOTAL	**$135,000.00**

These estimates are based on existing experience at the Yarmouth YMCA, with adjustments when warranted as discussed below. The marketing and promotion estimate includes the printing of program brochures and material as well as special promotions and events. The current YMCA's budget for these activities is very modest (about $4,000 annually). We have increased this to reflect the activities that will accompany the opening of a new facility and the strong need for membership expansion. While this additional budget will be required in the initial years of operation, it may be scaled back in the future.

The office supplies budget is a slight increase over the current experience at the Yarmouth YMCA[26]. While a modest increase may be anticipated with increased membership, there is little reason to expect a major change in these expenditures.

Office equipment reflects leases (e.g. photocopier machine) and occasional repairs and purchases.

[26] 2016 Annual Budget for office supplies and postage.

Telephone, internet and computer costs are based on the existing expenditures at the Yarmouth YMCA, increased by about 40% to reflect membership and program growth.[27].

For the purposes of this assessment we have assumed the YMCA, Curling Club and Mariners Centre will continue to retain insurance independently. Requirements to protect the interests of the other parties will be reflected in the partnership agreements. While we have assumed separate insurance, it may be more economical to purchase insurance jointly for the complex, and this might be investigated further. The insurance cost in Figure 3.8 represents a significant increase over the existing YMCA premium to reflect a more active facility, increased membership and the relationship with partners in a larger complex. It also reflects a change in the type and extent of aquatic programming and use.

Professional fees (accounting, legal, etc.) are based on current operations at the Yarmouth YMCA. These reflect costs for normal operations and not any additional one-time expenses associated with establishing the partnership or opening the new facility.

The budget for professional development, training and memberships increases the current YMCA allocation moderately to be more consistent with experience elsewhere and to reflect expanded programming opportunities at the new YMCA.

The YMCA allocation is a contribution to the national organization to support services provided to local YMCAs, such as planning and performance evaluation tools and assistance; professional development; advocacy and marketing for the YMCA, etc. The contribution is based on a percentage of revenue and is estimated at $25,000.00, for a new YMCA at the Mariners Centre.

Travel includes the cost for shared staff to move between YMCA locations and an allowance for conferences, staff meetings, etc. Bank charges include monthly service charges, interest, credit card transactions, etc.

[27] 2016 Annual Budget for computer supplies and services and telephone and communications.

Net Annual Operating Cost/Municipal Contribution – Preliminary Projection

Municipal Contribution to Recreation Services Provided by the YMCA

Figure 3.9: Expenditure and Revenue Projection

Staff Costs	$580,160.00
Utilities	$264,560.00
Maintenance and Supplies	$48,000.00
Program Costs	$18,000.00
Administration, Overhead and Other	$135,000.00
TOTAL EXPENDITURES	**$1,045,720.00**
Membership Fees	$585,090.00
Programs, Rentals, Fund-raising and Other	$362,250.00
TOTAL REVENUES	**$947,340.00**
NET ANNUAL COSTS	**($98,380.00)**

Based on the revenue and expense projections described in the preceding section, the YMCA will have an annual operating short-fall of $98,380.00. (Figure 3.9)

This estimate is for the facility at full operation. However, some of the revenues but few of the costs will be phased in during the first few years of operation. The anticipated membership base would not likely be achieved during year one of operation. In the first year membership sales are generally slower and many purchase monthly memberships to "try out" the facility. It will generally take three years to reach full membership. (We acknowledge that this is not always the case. A number of facilities that we have been associated with in the past exceeded their membership targets in Years 1 and 2.) This will result in a higher deficit for the first three years of operation until the anticipated targets are achieved. We would also expect some of the expenditures such as marketing and promotion, to be higher in the initial years of operation and decline over time.

Over the long term, a conservative but prudent assumption is that expenses will grow more quickly than revenues, unless there is population growth in the study area. While some increase in fees will be possible, these may not keep up with inflationary increases in expenditures. Growth is not reflected in current population projections for the catchment area. Consequently, for the purposes of moving forward with this

project, the prudent course would be to assume that the facility will require ongoing and potentially increasing municipal financial support.

Conclusion: Our preliminary analysis indicates a projected annual municipal contribution to community recreation services provided by the YMCA in the order of $100,000.00. We note that this would be a modest increase over the contributions that the municipal units have made in the past and is also consistent with the annual contribution to the Mariners Centre. Long-term financial support will depend on a number of considerations, most notably the population and socio-demographic composition of the catchment area. These are somewhat uncertain in the Yarmouth area, and consequently it would be wise to assume the facility will require ongoing municipal financial support.

FINANCIAL ANALYSIS: CURLING CLUB

Based on the assumptions adopted for this analysis, the Curling Club would have an annual operating shortfall of $10,550.00. If the Club relocates to the Mariners Centre, the municipalities would presumably cover this shortfall. Figure 3.10 is an estimate of revenues and operating expenditures[28].

Figure 3.10: Expenditure and Revenue Projection – Curling Club

Curling Club Staff Costs	$8,000.00
Mariners Centre Staff Chargeback	$8,435.00
Utilities	$45,115.00
Maintenance and Supplies	$3,500.00
Program Costs	$2,000.00
Administration, Overhead and Other	$7,500.00
TOTAL EXPENDITURES	**$74,550.00**
Membership Fees	$40,000.00
Membership Services	$9,000.00
Advertising and Fundraising	$11,000.00
Bonspiels, Special Events, Rentals	$4,000.00
TOTAL REVENUES	**$64,000.00**
NET ANNUAL COSTS	**($10,550.00)**

[28] Revenues and expenses reported for the current club are based on our review of unaudited financial statements for the years 2013-2015.

For the purposes of this initial projection, we have assumed the Curling Club would be a six month seasonal operation. We have prorated utility and staff costs on this basis. However, it is possible that the Mariners Centre will use the rink floor or the lounge for special events or activities in the off-season. If the facility was used by the Mariners Centre our assumption is that any additional staff or utility costs would be covered by the revenues generated.

The Club currently operates using volunteers and occasional part-time paid staff. Wages account for less than $8,000 a year for the bar manager and the icemaker. These costs will continue and are reflected in the staffing budget in Figure 3.10.

The curling facility will be relatively self-contained and could largely continue with this staffing model where members and volunteers cover duties that would otherwise be assigned to paid staff. However, there are two exceptions. The first is staff costs associated with the maintenance and operation of the ice plant and building systems (such as heating, security, communications). These functions will be integrated with the larger complex and should therefore be the responsibility of Mariners Centre staff. We have allocated a portion ($3,995.00) of the Mariners Centre's Supervisor of Operations and Maintenance salary to the Curling Club[29]. Currently cleaning and day-to-day maintenance of the Curling Club is undertaken by the General Manager and/or volunteers. With a new, larger and more actively programmed facility, this is not a reasonable approach. We have assigned this responsibility to Mariners Centre staff at an annual cost of $4,440.00, reflecting one day a week for a six month season[30]. These staff costs are reflected in Figure 3.10.

Utilities (electrical power and heating) were calculated based on $3.50/sq. ft. annually. However, on the assumption that the facility will not be used on the off-season, 70% of the annual cost was used for the budget reflecting winter time seasonal use.

Maintenance and supplies, including cleaning supplies and costs associated with routine building and minor equipment maintenance, are estimated at $3,500.00. This may be too generous in the early years of operation with a new building but may be conservative as the building ages.

[29] See Mariners Centre discussion in the next section of the report for details.
[30] See Mariners Centre discussion in the next section of the report for details.

Program costs include advertising, Curling Association fees and costs connected to bonspiels and special events.

Administration and overhead includes telephone, postage, office supplies, bank charges, insurance and professional fees.

Interest on short and long term debt is not included in this budget.

Estimated total annual expenditures are $74,550.00, which will be partially offset by revenues.

Membership dues represent a significant portion of the Curling Club's revenue. Consequently, anticipated membership at a new curling facility at the Mariners Centre is an important consideration. In the 2016 season, the Club had about 130 members, down from a high of about 180. The Club has been promoting membership growth and ideally would like to secure the membership of about 180 that it enjoyed in the past. At 180 members, a four sheet curling rink would have a strong membership base that would compare very favourably with other facilities in the Province. However, this growth in membership would be at odds with trends in Nova Scotia where the number of adult, junior and little rock members has declined by about 12% between 2003/04 and 2014/15 (from 6,877 to 6,053)[31]. In addition, the responses to the Needs Assessment community survey did not show any significant interest in curling. With a new facility and an active Club executive, membership should increase. However, particularly in the long-term, we expect the Club's target of 180 members is optimistic and we have assumed a membership of 160 for this assessment. There are a number of different types of memberships and fee structures and some individuals receive free membership to compensate for time volunteered. In 2013 and 2014, the average membership revenue was $27,450.00, or about $210.00/member (based on the current membership of 130). With a new facility and an active focus on members, a slightly higher fee would not be unreasonable. We have assumed an annual membership of 160 and an average fee of $250.00 for revenue of $40,000.00.

Services to members, including the bar, canteen, pro shop and locker rentals would produce about $9,000.00 (net of costs), based on a larger membership and experience at the existing Curling Club.

[31]This information is from the Needs Assessment Report based on Information provided by Curl Nova Scotia. It should be noted these figures are for members and not all curlers are club members. There is some indication that curling participants – which includes occasional curlers – may be area for growth in the sport.

Advertising on rink boards and fund-raising are two potential sources of revenue. Neither has been aggressively pursued at the existing facility and revenues from these sources vary considerable from one year to the next. At a new Mariners Centre facility and with an executive committed to raising funds, we expect both can become reliable sources of on-going revenue. The budget in Figure 3.10, includes $8,000.00 in fund-raising and $3,000.00 in advertisement. The latter is consistent with current experience. The anticipated fund-raising target exceeds the average for the last three years by about $2,000.00 annually. However, the funds raised vary from a high of about $15,000.00 to a low of $1,000.00 during those three years, presumably reflecting different levels of effort. A target of $8,000.00 annually appears realistic with a concerted, ongoing effort by the Club.

Annual income from Bonspiels will vary considerably depending on the number of events and their success. The Club estimates annual revenues at $2,000.00 (net of costs). Hall rentals would add approximately $2,000.00 (net of costs). These are rentals by the Curling Club only and primarily deal with the lounge area for private social events hosted during the curling season. Opportunities would be limited by the Club's requirements for the lounge during their season. As noted earlier, it is possible that both the lounge and the rink floor would be used for other events organized by the Mariners Centre in the off-season and we have assumed if this is the case that revenues generated would off-set additional expenditures.

The revenue estimates do not include income received from the disposal of existing assets. We understand that these would not be significant and presumably, if available, would be used to retire existing debt and/or contribute to capital costs for the new facility.

ADDITIONAL COSTS: MARINERS CENTRE

For the purposes of this preliminary financial analysis we have treated the YMCA and the Curling Club as self-contained facility components added to the Mariners Centre. The expenditures are based on the building area within the walls of each facility. This excludes the walking track, the expanded Mariners Centre lobby, some shared community space such as washrooms, the café and social/viewing areas and internal circulation and corridors. These areas have been treated as an addition to the Mariners Centre and will be the responsibility of Mariners Centre staff. The area encompassed by this community space is

approximately 18,180 sq. ft., or 24% of the overall expansion. The primary expenditures are for additional staff and utilities.

Staff implications for the Mariners Centre are as follows.

A portion of the existing Supervisor of Operations and Maintenance salary will be charged back to the YMCA and the Curling Club (See Figure 3.11). This position has responsibility for the entire complex, including the existing Mariners Centre. The chargebacks were based on the portion (square feet) of the complex occupied by each party, as noted below, based on a $60,000.00 annual salary and 11% benefits. The adjusted proportion assumes the Curling Club is only responsible for salary costs for six months (as discussed above in the Curling Club financial analysis).

Figure 3.11 – Supervisor of Operations and Maintenance – Allocation of Salary

Part of the Complex	Estimated Size (sq. ft.) / % Total	Adjusted Proportion	Supervisors Salary Cost
Mariners Centre	94,180 sq, ft,[32] /62%	68%	$45,290.00
YMCA	39,760 sq. ft./26%	26%	$17,315.00
Curling Club	18,417 sq. ft./12%	6%	$3,995.00
Total	152,357 sq. ft./100%	100%	$66,600.00

The Supervisor of Operations and Maintenance is an existing position. With the expansion, we believe at least one new operations staff will also be required. This position will assume some of the current responsibilities of the Operations and Maintenance Supervisor (although we understand some of these may also be transferred to other existing staff). Maintenance of the expanded areas of the complex will be the primary role of this additional staff position. As discussed elsewhere in the report, some of these

[32] Based on the existing 76,000 sq. ft. and an addition of 18,180 sq. ft.

staff costs will be charged back to the YMCA and Curling Club. We have assumed a salary of $40,000 and 11% benefits for an annual cost of $44,400.00. This individual would work the equivalent of one day a week, for six months of the year cleaning the Curling Club resulting in a charge back of $4,440.00. We have also assumed the YMCA will cover one-ninth of the cost of this position ($4,935.00) on the assumption that they are responsible for about 2,000 of the 18,000 sq. ft. of additional common area that has been allocated to the Mariners Centre in the expansion. The Mariners Centre will cover the balance of this new position's salary and benefits ($35,025.00).

The overall implications for the Mariners Centre would be an increase of $13,715.00 in staff costs assuming the YMCA and the Curling Club were covering their proportions of these staff costs through self-generated revenue. As discussed previously, we don't expect this to be the case.

Additional utility costs are estimated at $48,540.00 based on 16,180 sq. ft. at $3.00/sq. ft. annually.[33]. We should also expect modest increases in other costs such as cleaning supplies and insurance.

Some of the areas in the expanded Mariners Centre can generate revenue to offset these expenditures. The café might pay rent or commit a portion of gross revenues to the Mariners Centre. The corridors and social space are prime locations for advertisement and might generate occasional program revenue. While walking tracks are sometimes provided at no fee, many communities charge a nominal fee for access. Revenues to offset additional expenditures can be projected when the Mariners Centre Board determines their approach to pricing in these areas.

[33] The area is based on the 18,180 sq. ft. of common area that has been assigned to the Mariners Centre in the expansion, less the 2,000 sq. ft. where these costs would be covered by the YMCA.

SECTION FOUR - CONCLUSION

The Needs Assessment completed in 2015 and this Feasibility Study indicate the expansion of the Mariners Centre to include a replacement for both the existing YMCA and Curling Club would significantly improve and enhance recreational services in Yarmouth and the surrounding area. New programs and services will be avalable to area residents and higher levels of participation will be realized. In addition, to a more active and healthy community, the proposed developments will enhance the Mariners Centre's already strong reputation as a major sport, recreation and event centre in Nova Scotia.

Our assessment indicates support for a mutually beneficial partnership where the YMCA would operate a muncipically owned indoor pool, gymnasium, wellness and multipurpose programming areas in the expanded Mariners Centre.

While the beneftis are significant, so are the costs. A preliminary estimate of capital costs is in the order of $30.3 million (including soft costs), of which roughly $15.4 million are for the YMCA component of the expansion, $6.7 million for the Curling Club, and $8.2 million for additional and upgraded Mariners Centre space.

The municipal owners/funders of the Mariners Centre will also be required to contribute to the cost of recreation services. Our preliminary estimate of initial annual operating expenditures suggest approximately $100,000.00 and $10,550.00 would be contributed to the YMCA and the Curling Club respectively to support the recreation programs they provide to the community. There will also be additional costs at the Mariners Centre.

A comprehansive public consultation process was part of the Needs Assessment and the replacement of outdated and in some respects inadequate recreation facilties was strongly supported by residents, but this was at an early stage in the study. A detailed description of the facilities to be included in the Complex and the possible role of the YMCA were not fully defined and there were no cost estimates. At the public meeting held to review the draft feasibility study report, questions focused on points of clarification and elaboration and there were no substantitive issues raised that would suggest that the study information or conclusiosns should be revisited.[34]. While the public meeting was a useful starting point, the residents perspective on the costs and the benefits of the proposed expansion will have a good deal to do with its feasibility and we expect a much more extensive dialogue will be required before decisions can be made.

[34] The meeting was held on Jan. 24, 2017 and attended by about 30-40 individuals.

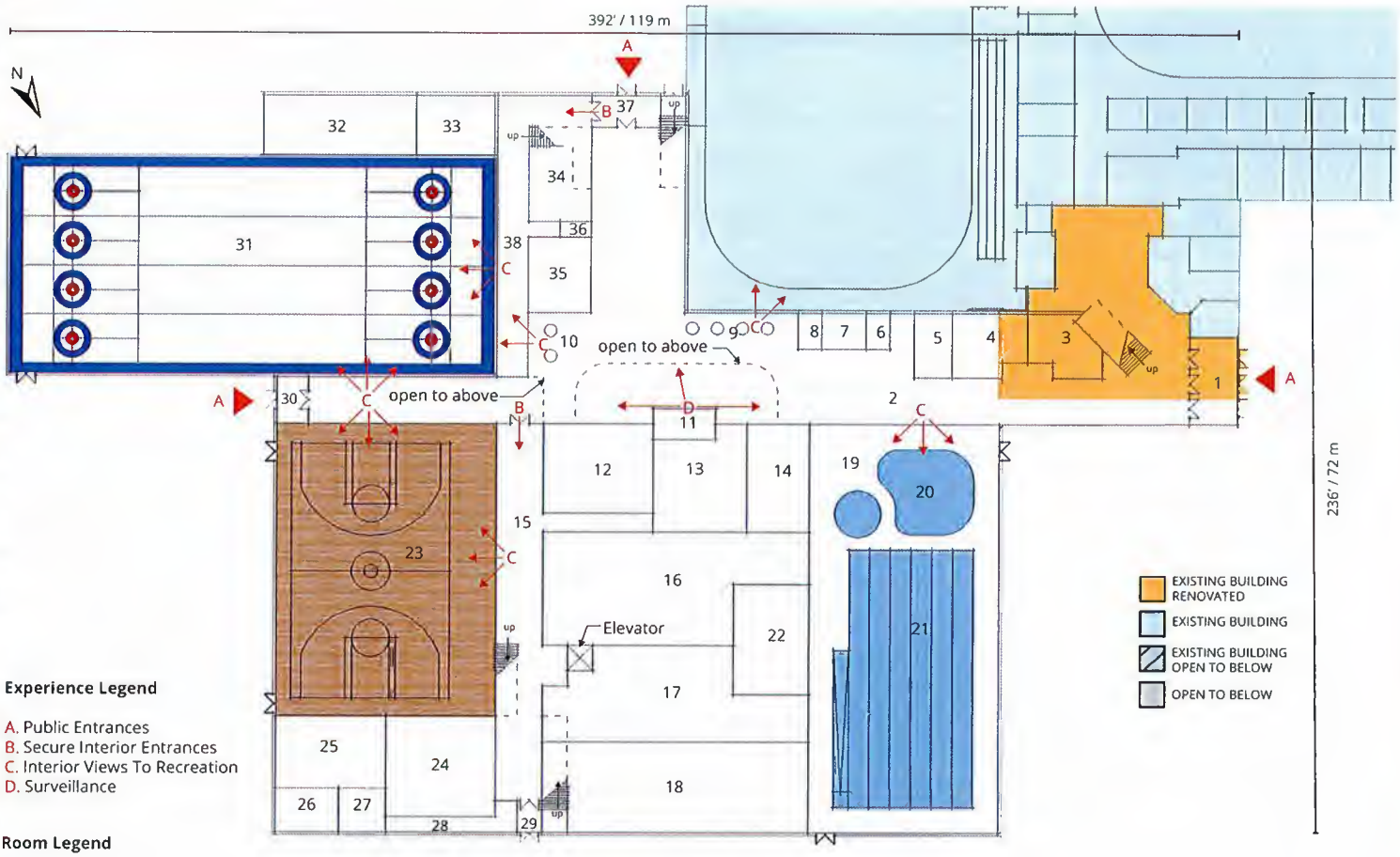
The Needs Assessment and the Feasibility Study were undertaken to provide the information necessary for the municipalities, the YMCA Board and the Curling Club to make an informed decsion on whether or not to proceed with the next steps in the project's implementation. The immediate next steps are:

- The affected parties must determine the need, if any, for additional community input on the issues raised in the Feasibility Study.
- Given the preliminary projections of overall costs, the municipalities must determine if the project is a priority that should be pursued at this time.
- If the project proceeds, the municipalities must determine if it will include the Curling Club, which would represent a major change in their current funding practices.
- If the project proceeds, the municipalities must also determine if they wish to pursue a partnership with the YMCA. If this is the preferred course of action, a process must be established to further investigate financial and other aspects of the proposed partnership and to negotiate an agreement. This will invlove further investigations to confirm financial estimates provided in the Feasibility Study.
- Finally, once the role of the YMCA and Curling Club in the project is confirmed, an overall implementation strategy and critical path can be developed to address funding, detailed design, and operations.

APPENDIX A: DESIGN CONCEPT



Concept Site Plan
Not To Scale
Mariners Centre Expansion Feasibility Study
Appendix A - Page 1



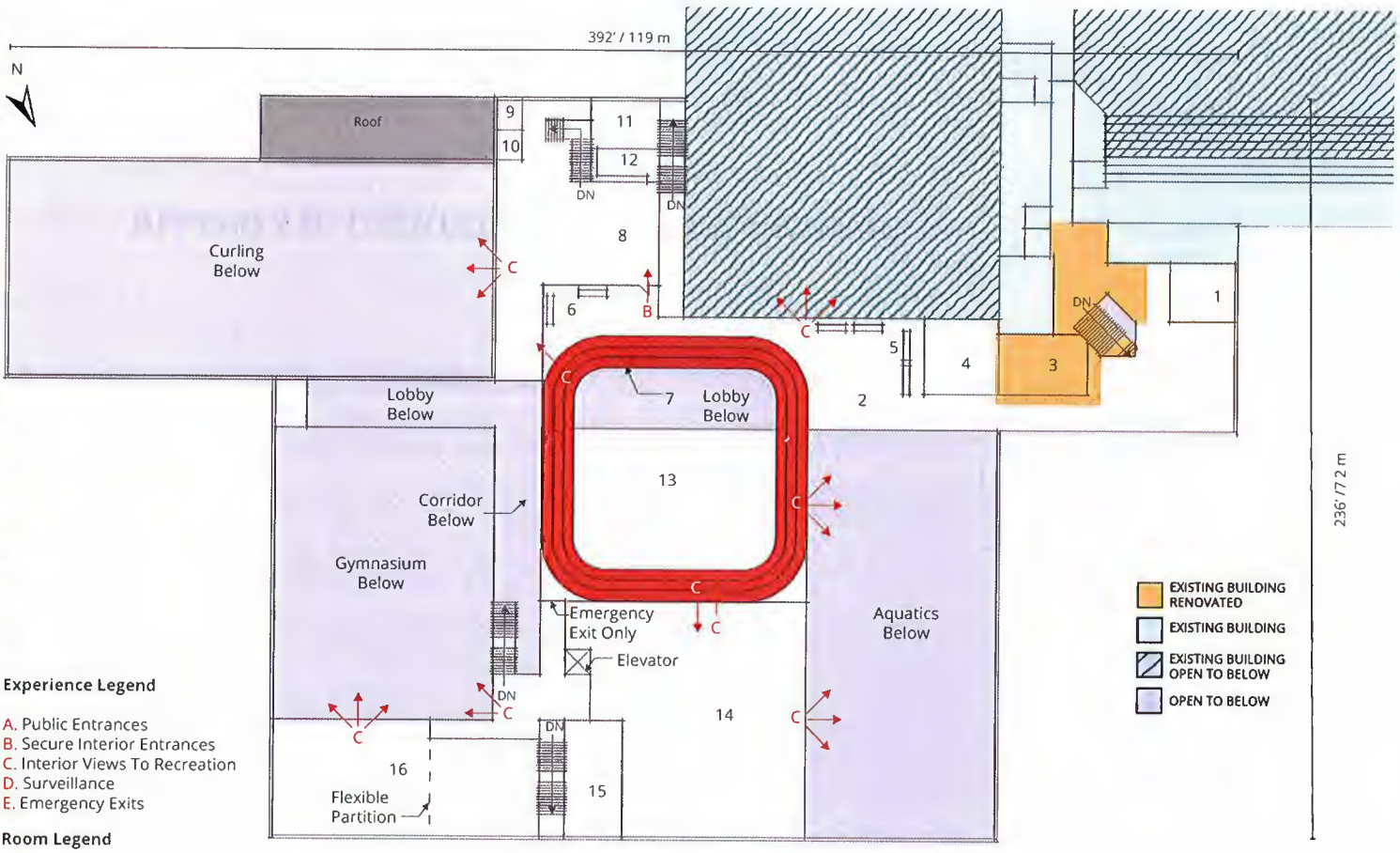
Experience Legend

A. Public Entrances
B. Secure Interior Entrances
C. Interior Views To Recreation
D. Surveillance

Room Legend

1. Vestibule
2. Lobby
3. Public Washroom
4. Public Washroom
5. Universal Washroom
6. Janitorial
7. Cafe/ Kiosk
8. Storage
9. Cafe / Seating
10. Seating
11. Reception
12. Play Area
13. Administration
14. Guards First Aid
15. Corridor
16. Universal Change
17. Male Change 2055 sf / 191 sm
18. Female Change
19. Aquatics
20. Recreation & Therapy Pools
21. Competition Pool (6 lanes, 25 m)
22. Pool Services & Storage
23. Gymnasium
24. Gymnasium and Building Storage
25. Mechanical
26. Electrical
27. Communications
28. Corridor
29. Vestibule
30. Vestibule
31. Curling
32. Curling Mechanical
33. Curling Storage
34. Female Dressing
35. Male Dressing
36. Janitorial
37. Vestibule
38. Viewing

Concept Floor Plan - Level 1
SCALE: 1:500
Mariners Centre Expansion Feasibility Study
Appendix A - Page 2



Experience Legend

A. Public Entrances
B. Secure Interior Entrances
C. Interior Views To Recreation
D. Surveillance
E. Emergency Exits

Room Legend

1. Junior "A" Office
2. Upper Lobby
3. Public Washrooms
4. Public Washrooms
5. Benches / Lockers
6. Benches / Seating
7. Walking Track (3 lanes, 300 ft / 90 m)
8. Lounge
9. Barrier Free Washroom
10. Barrier Free Washroom
11. Kitchen
12. Bar
13. Plenum Space / Future Expansion
14. Wellness Centre
15. Storage
16. Multi-purpose

Concept Floor Plan - Level 2
SCALE: 1:500
Mariners Centre Expansion Feasibility Study
Appendix A - Page 3

APPENDIX B: DETAILED CAPITAL COST ESTIMATE

MARINERS CENTRE
EXPANSION
YARMOUTH, NS

CLASS 'D' ESTIMATE

December 9, 2016

Hanscomb

MARINERS CENTRE
EXPANSION
YARMOUTH, NS

CLASS 'D' ESTIMATE

Prepared For:

ARCHITECTURE49 INC.
1640 MARKET STREET
HALIFAX, NOVA SCOTIA
B3J 2C8

TEL: (902) 429-5490
FAX: (902) 429-2632

Prepared by:

Hanscomb

HANSCOMB LIMITED
7071 BAYERS ROAD,
STARLITE GALLERY, SUITE 301
HALIFAX, NOVA SCOTIA
B3L 2C2
halifax@hanscomb.com
www.hanscomb.com

TEL: (902) 422-3620
FAX: (902) 422-7883

December 9, 2016

TABLE OF CONTENTS

1.	Introduction	2
2.	Documentation	3
3.	Cost Considerations	4
4.	Gross Floor Area	7

Appendices

A – CONSTRUCTION COST ESTIMATE SUMMARY

1. INTRODUCTION

1.1 Purpose:

This Class 'D' Estimate is intended to provide a realistic allocation of direct and indirect construction costs for the addition of a curling ice rink and competition pool to the existing Mariners Centre located in Yarmouth, Nova Scotia, with exceptions of items listed in 1.4 below.

1.2 Methodology:

From the documentation and information provided, quantities of all major elements were assessed or measured where possible and priced at rates considered competitive for a project of this type under a stipulated sum form of contract in Yarmouth, Nova Scotia.

Pricing shown reflects probable construction costs obtainable in the Yarmouth, Nova Scotia area on the effective date of this report. This estimate is a determination of fair market value for the construction of this project. It is not a prediction of low bid. Pricing assumes competitive bidding for every portion of the work.

1.3 Specifications:

For building components and systems where specifications and design details are not available, quality standards have been established based on discussions with the design team.

1.4 Exclusions:

This Class 'D' Estimate does not provide costs for the following if required; except to the extent specified in the estimate if applicable.

- Cost of Design Exclusions, Omissions, & Errors
- Professional Fees and Expenses
- Phased Construction Premiums
- Location Premiums
- Escalation Allowance
- Preventative Maintenance Contracts
- Land Acquisition and Impost Charges
- Development Charges
- Permits (Building, Plumbing, Access, etc)
- Legal Fees and Expenses
- Value Added Taxes (GST, HST, QST, etc.)
- Financing Fee's & Carrying Costs
- Fund Raising Requirements
- Owner's Staff and Associated Management
- Owner Furnished Material or Associated Labour
- Owner FF&E Budget
- Loose Furniture, Furnishings and Equipment
- Window treatments
- Relocation of Existing Facilities, Furniture or Equipment
- Impact of Adjacent Properties and their Conditions
- Removal or Mitigation / Remediation of contaminated soils
- Removal of Asbestos or Mitigation of any Hazardous Material

1. INTRODUCTION (cont'd)

- Removal of P.C.B. Contaminated Electrical Equipment
- Special Audio, Visual, Security Equipment or Installation other than Provision of Empty Conduit Systems carried in Electrical Division
- Rock Excavation (blasting or chipping) & Removal
- Trucking Beyond 10km Return (excavation work)
- Removal of Buried Obstructions (Foundations, boulders, debris, etc)
- Mitigation of Water Conditions
- Winter Conditions Affecting the Work
- Salvage Costs from Demolition Work

2. DOCUMENTATION

This Class 'D' Estimate has been prepared from the following documentation:

- Level 1 drawing dated Oct.24, 2016
- Level 2 drawing dated Oct.24, 2016

All of the above documentation was received from Architecture49 and was supplemented with information gathered in meeting(s), telephone conversations and e-mails with the design team, as applicable.

Design changes and/or additions made subsequent to this issuance of the documentation noted above have not been incorporated in this report.

3. COST CONSIDERATIONS

3.1 Cost Base:

All costs are estimated on the basis of competitive bids (a minimum of 5 general contractor bids and at least 3 subcontractor bids for each trade) being received in December 2016 from general contractors and all major subcontractors and suppliers based on a stipulated sum form of contract.

3.2 Escalation:

No allowance has been made for construction cost escalation that may occur between December 2016 and the anticipated bid date of the project. Escalation during the construction period for tendered work is included in the unit rates used in the estimate. Unit rates used for any change orders are not included and may be subject to escalation.

3.3 Contingencies:

An allowance of 15.0% has been included to cover design and pricing unknowns. This allowance is not intended to cover any program space modifications but rather to provide some flexibility for the designers and cost planners during the remaining contract document stages.

An allowance of 7.0% for new and minimal renovation construction work has been made to cover construction (post contract) unknowns to mitigate potential change order conditions.

3.4 Unit Rates:

The unit rates in the preparation of this Class 'D' Estimate include labour and material, equipment, subcontractor's overheads and profits.

3.5 Taxes:

No provision has been made for any value added taxes (GST, HST, PST, QST, etc.). It is recommended that the owner make separate provision for Tax Requirements in the project budget as applicable.

3.6 Statement of Probable Costs:

Hanscomb has no control over the cost of labour and materials, the contractor's method of determining prices, or competitive bidding and market conditions. This opinion of probable cost of construction is made on the basis of experience, qualifications and best judgment of the professional consultant familiar with the construction industry. Hanscomb cannot and does not guarantee that proposals, bids or actual construction costs will not vary from this or subsequent cost estimates.

3. COST CONSIDERATIONS (cont'd)

3.6 Statement of Probable Costs: (continued)

Hanscomb has prepared this estimate in accordance with generally accepted principles and practices. Hanscomb's staff is available to discuss its contents with any interested party.

3.7 Ongoing Cost Control:

Hanscomb recommends that the Owner and design team carefully review this document, including line item description, unit prices, clarifications, exclusions, inclusions and assumptions, contingencies, escalation and mark-ups. If the project is over budget, or if there are unresolved budgeting issues, alternative systems/schemes should be evaluated before proceeding into the next design phase.

Requests for modifications of any apparent errors or omissions to this document must be made to Hanscomb within ten (10) days of receipt of this estimate. Otherwise, it will be understood that the contents have been concurred with and accepted.

It is recommended that a final update estimate be produced by Hanscomb using Bid Documents to determine overall cost changes that may have occurred since the preparation of this estimate. The final updated estimate will address changes and additions to the documents, as well as addenda issued during the bidding process. Hanscomb cannot reconcile bid results to any estimate not produced from bid documents including all addenda.

4. GROSS FLOOR AREA

Description	New m2	Existing m2	TOTAL m2
			SF
Level 1	5,082	314	**5,396**
Level 2	2,010	314	**2,324**
TOTAL	7,092	628	**7,720**

The above areas have been measured in accordance with the Canadian Institute of Quantity Surveyors' Method of Measurement of Buildings by Area and Volume.

Appendix
A – CONSTRUCTION COST ESTIMATE SUMMARY

Project	: MARINERS CENTRE		Report date : 9 Dec 2016
	: EXPANSION		Page No. : 1
Location	: YARMOUTH, NOVA SOTIA	**ELEMENTAL COST SUMMARY**	Bldg Type : 530
Owner	: TOWN OF YARMOUTH		C.T. Index : 0.0
Consultant	: architecture49		GFA : 7,720 m2

Element		Ratio to GFA	Elemental Cost Quantity	Elemental Cost Unit rate	Elemental Amount Sub-Total	Elemental Amount Total	Rate per m2 Sub-Total	Rate per m2 Total	%
A SHELL			7,720 m2			6,472,100		838.35	32.8
A1 SUBSTRUCTURE						857,900		111.13	4.4
A11	Foundations	0.658	5,082 m2	139.40	708,620		91.79		
A12	Basement Excavation	0.213	1,644 m3	74.50	122,540		15.87		
A13	Special Conditions	0.000	Sum	26,730.00	26,730		3.46		
A2 STRUCTURE						3,298,700		427.29	16.7
A21	Lowest Floor Construction	0.658	5,082 m2	93.00	472,680		61.23		
A22	Upper Floor Construction	0.260	2,010 m2	511.80	1,028,790		133.26		
A23	Roof Construction	0.658	5,082 m2	353.60	1,797,240		232.80		
A3 EXTERIOR ENCLOSURE						2,315,500		299.94	11.7
A31	Walls Below Grade	0.044	337 m2	355.00	119,640		15.50		
A32	Walls Above Grade	0.291	2,246 m2	489.50	1,099,310		142.40		
A33	Windows & Entrances	0.025	195 m2	808.30	157,610		20.42		
A34	Roof Coverings	0.658	5,082 m2	153.60	780,800		101.14		
A35	Projections	0.000	Sum	158,100.00	158,100		20.48		
B INTERIORS			7,720 m2			4,262,100		552.09	21.6
B1 PARTITIONS & DOORS						796,200		103.13	4.0
B11	Partitions	0.556	4,291 m2	146.30	627,770		81.32		
B12	Doors	0.010	78 LVS	2,159.00	168,400		21.81		
B2 FINISHES						1,008,300		130.61	5.1
B21	Floor Finishes	0.919	7,092 m2	68.50	485,820		62.93		
B22	Ceiling Finishes	0.919	7,092 m2	51.20	362,830		47.00		
B23	Wall Finishes	1.399	10,800 m2	14.80	159,600		20.67		
B3 FITTINGS & EQUIPMENT						2,457,600		318.34	12.5
B31	Fittings & Fixtures	0.960	7,415 m2	67.70	502,050		65.03		
B32	Equipment	0.960	7,415 m2	15.60	115,500		14.96		
B33	Elevators	0.000	1 No	90,000.00	90,000		11.66		
B34	Pool & Pool Equipment	0.000	Sum	1,750,000.00	1,750,000		226.68		
C SERVICES			7,720 m2			5,763,100		746.52	29.2
C1 MECHANICAL						4,335,100		561.54	22.0
C11	Plumbing & Drainage	0.919	7,092 m2	112.00	794,310		102.89		
C12	Fire Protection	0.919	7,092 m2	38.70	274,670		35.58		
C13	HVAC	0.919	7,092 m2	349.10	2,475,630		320.68		
C14	Controls	0.919	7,092 m2	60.00	425,520		55.12		
C15	Curling Rink Refrigeration	0.000	Sum	365,000.00	365,000		47.28		
C2 ELECTRICAL						1,428,000		184.97	7.2
C21	Service & Distribution	0.919	7,092 m2	64.50	457,430		59.25		
C22	Lighting, Devices & Heating	0.919	7,092 m2	85.50	606,370		78.55		
C23	Systems & Ancillaries	0.919	7,092 m2	51.40	364,190		47.17		
NET BUILDING COST - EXCLUDING SITE						**$ 16,497,300**		2,136.96	83.7
D SITE & ANCILLARY WORK			7,720 m2			1,427,100		184.86	7.2
D1 SITE WORK						564,500		73.12	2.9
D11	Site Development	0.000	Sum	414,500.00	414,500		53.69		
D12	Mechanical Site Services	0.000	Sum	100,000.00	100,000		12.95		
D13	Electrical Site Services	0.000	Sum	50,000.00	50,000		6.48		
D2 ANCILLARY WORK						862,600		111.74	4.4
D21	Demolitions	0.000	Sum	89,300.00	89,300		11.57		
D22	Alterations	0.081	628 m2	800.00	502,400		65.08		
D23	Exist Plant-Heat Recovery	0.000	Sum	270,900.00	270,900		35.09		
NET BUILDING COST - INCLUDING SITE						**$ 17,924,400**		2,321.81	90.9
Z1 GENERAL REQUIREMENTS & FEE						1,792,400		232.18	9.1
Z11	General Requirements & Fee		10.0 %		1,792,440		232.18		
TOTAL CONSTRUCTION ESTIMATE - EXCLUDING ALLOWANCES					**$**	**19,716,800**		2,553.99	100.0
Z2 ALLOWANCES						4,544,700		588.69	
Z21	Design & Pricing Allowance		15.0 %		2,957,520		383.10		
Z22	Escalation Allowance		0.0 %		0		0.00		
Z23	Construction Allowance		7.0 %		1,587,200		205.60		
TOTAL CONSTRUCTION ESTIMATE - INCLUDING ALLOWANCES					**$**	**24,261,500**		3,142.68	
VALUE ADDED TAX (GST/HST)						0		0.00	
	Value Added Tax (GST/HST)		0.0 %		0		0.00		
TOTAL CONSTRUCTION ESTIMATE					**$**	**24,261,500**	**$**	**3,142.68**	