

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 16, 2016**

Item 3, Report No. 10, of the Committee of the Whole (Working Session), which was adopted, as amended, by the Council of the City of Vaughan on February 16, 2016, as follows:

***By approving that recommendation 6 in the report of the Chief of Corporate Initiatives and Intergovernmental Relations, dated February 9, 2016, be amended to read as follows:***

***That City Staff report back to Council in 2016 with the contractual agreements for Council approval to finalize and operationalize the development of the facility.***

**3 VAUGHAN METROPOLITAN CENTRE (VMC) YMCA CENTRE OF COMMUNITY,  
LIBRARY AND RECREATION SPACE PROPOSED FUNDING PARTNERSHIP  
WITH THE YMCA OF GREATER TORONTO  
WARD 4**

**The Committee of the Whole (Working Session) recommends:**

- 1. That the recommendation contained in the following report of the Chief of Corporate Initiatives and Intergovernmental Relations, dated February 9, 2016, be approved;**
- 2. That the following deputations be received:**
  - 1) Ms. Debbie Sevenpifer, Chief Financial Officer, YMCA of Greater Toronto, Yonge Street, Toronto;**
  - 2) Mr. Marco Filice, Liberty Development, Steelcase Road, Markham;**
  - 3) Ms. Paula Bustard, SmartReit, Applewood Crescent, Vaughan;**
  - 4) Mr. Andrew Muto, Create Healthy Food Inc., Westcreek Drive, Woodbridge; and**
  - 5) Mr. Richard Martz, Live Work Learn Play, St. Paul West, Toronto; and**
- 3. That the following Communications be received:**
  - C1. Confidential Communication from the City Solicitor, dated February 8, 2016; and**
  - C2. Chief Corporate Initiatives and Intergovernmental Relations, dated February 8, 2016.**

**Recommendation**

The Chief of Corporate Initiatives and Intergovernmental Relations, in consultation with the City Solicitor, Acting Deputy City Manager Community Services and Director of Financial Planning and Development Finance and Deputy City Treasurer and Chief Executive Officer Vaughan Public Libraries, recommend:

- 1. THAT City Staff be given the authority to finalize and execute a binding term sheet, following the parameters within this report, with the YMCA of Greater Toronto to locate within the Vaughan Metropolitan Centre: a YMCA Centre of Community, including a child care centre and a City of Vaughan Library and Recreation Space at the location shown on Attachment 4 which has been identified in the VMC Secondary Plan as permitting community centre and library uses;**
- 2. THAT Council authorize Staff to include within the binding term sheet, between the City and the YMCA, a City contribution of up to 2/3 of the construction and project-related costs of the YMCA Centre of Community, and a total project cost for the City of up to \$45.6 million to be paid over a period of no less than 15 years;**

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3. THAT Council endorse Staff to work with the YMCA to secure any relevant government grants that could lessen the 2/3 funding commitment from the City for the construction and related project costs of the YMCA Centre of Community, in addition to long-term operations;
4. THAT Council approve the interior schematic design of the YMCA Centre of Community, City Library and recreation space by Diamond Schmitt Architects and endorse the movement of the project to a detailed design phase;
5. THAT Council direct Staff to initiate the appropriate process to have the YMCA Centre of Community, Library and Recreation Space declared a Municipal Capital Facility;
6. THAT City Staff report back to Council in 2016 with the contractual agreements required to finalize and operationalize the development of the facility.

#### **Contribution to Sustainability**

As described in the City's Strategic Plan, Vaughan Vision 20|20, Vaughan will continue to be a community of choice that promotes diversity, innovation and opportunity for all citizens, fostering a vibrant community life that is inclusive, progressive, environmentally responsible and sustainable.

Green Directions Vaughan embraces a Sustainability First principle. More specifically, Goal four states that sustainability means we make decisions and take actions that focus on "How We Live." Ensuring that actions by Council and Staff "create a vibrant community where citizens, business and visitors thrive". More specifically, the following objectives for Goal four apply:

- 4.1.4. Through creative urban design, as to be described in the new Official Plan, enhance social cohesion by creating more: (1) common indoor and outdoor public spaces; (2) public art; (3) parks and open space; and (4) central, accessible hubs for arts, culture, and recreation.
- 4.1.6. Provide more partnership opportunities for existing non-profit and volunteer groups to meet the community's social, cultural and recreational needs.
- 4.2. Ensure that the City of Vaughan attracts businesses and investment that will result in well-paying jobs for Vaughan citizens, a sustainable tax base and continuing prosperity into the 21st Century

#### **Economic Impact**

**Advancing the development of the VMC Community Centre and Library must be economically beneficial to the City. The proposed agreement could save more than \$30 million in future operating and lifecycle costs.**

Financial sustainability is a key priority for the City. Therefore, one of the primary considerations in advancing the development of the VMC community centre and library is ensuring that it is economically beneficial for the City.

A cost benefit analysis carried out by Staff evaluated the financial implications of two alternative approaches to advancing the VMC Community Centre and Library – a traditional build versus a proposed lease agreement between the City and the YMCA. The analysis considered the economic and financial impacts of these two alternatives on various elements including the City's capital and operating costs, asset lifecycle costs, funding sources, ownership opportunity and timing of asset delivery.

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As outlined through this report, the analysis revealed there is greater economic benefit to the City to progress with the proposed lease agreement for a YMCA Centre of Community, Library and recreation space. Current estimates excluding land and other capital costs suggest that over a 25 year lease agreement term with the YMCA, the City can save more than \$30 million in operating and asset lifecycle costs versus the City's traditional operating model. A high level summary of that analysis is provided as Attachment 1 to this report. Several financial aspects of this proposal are discussed in detail further in this report.

#### **Communications Plan**

Although a formal communication plan is not required, Staff have requested the CEO of Vaughan Public Libraries (VPL) to arrange for City Staff to present to all VPL Board Members at its 2016 February meeting.

The CEO of the VPL presented to the VPL Board at its May 2015 Board Meeting the opportunity for the advanced development of the Community Centre and Library in the VMC. The Board resolved that Library Staff should work with the City, YMCA and SmartReit to undertake the appropriate negotiations and further work that will allow Staff to present a cost benefit analysis with a financial and operational strategy at future 2015 meeting.

#### **Key Messages**

- The project will provide a critical amenity to early VMC adopters (employees and residents) improving their VMC experience.
- As a social anchor it will draw a more diverse mix people to the new downtown who would not otherwise have a reason to come at this early stage of its development.
- It will activate the mobility hub as a destination by giving people a reason to spend time there (vs. just pass through).
- Conservative estimates suggest that through a 25 year lease agreement term the City can save more than \$30 million of operating and asset lifecycle costs.
- Given the increasing land costs in the VMC, availability of land for purchase, and pressures on the City's operating and capital budget and competing interests, a traditional approach to building and operating the Community Centre and Library, including parking, in the VMC as identified in the ATMP in the next 15 years is highly unlikely.
- The proposed YMCA Centre of Community including child care centre, Library and recreation facility, are estimated to occupy a total of approximately 119,200 square feet, consisting of about 87,000 square feet for the YMCA Centre of Community, 22,000 square feet for the City recreation space and about 10,200 square feet for the City library.
- The heart of the new downtown will include a social and recreational facility that supports people of all ages and abilities.

#### **Purpose**

With Council's previous endorsement, Staff have been working with the YMCA, Vaughan Public Libraries and SmartReit for the past six months on a unique market-driven real estate opportunity that would support the advanced development of the VMC Community Centre and Library in partnership with the YMCA of Greater Toronto that fully achieves the City's Active Together Master Plan.

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Staff are continuing to work with the YMCA and SmartReit to finalize a DRAFT financial term sheet and a dynamic project design that will enable all parties to work together toward finalizing all necessary agreements for Council endorsement in 2016. Therefore, to continue with this opportunity it is necessary to enter into a binding term sheet for the project. The YMCA has submitted a communication (Attachment 2) that confirms their desire to formalize the partnership with the City and the development with SmartReit.

#### **This report has been divided into the following three parts:**

Part A: Background on Proposed Facility

Part B: Business Transaction and Financial Implications

Part C: Impact on the VMC as the new Downtown

#### **Background - Analysis and Options**

##### **Part A: Background on Proposed Facility**

##### **The Development Begins to Make the Mobility Hub a Destination and Meeting Place**

In addition to providing an opportunity to showcase design excellence and sustainability, this development begins to make the Mobility Hub a destination and meeting place as the new social anchor of the downtown. This is important because by incorporating layers of different uses (civic, cultural, commercial, entertainment and community facilities) that relate to everyday life, it will make the Mobility Hub a more convenient and pleasurable place, as opposed to the merely functional and transient environment of many transit nodes. This project will immediately create positive experiences and associations for visitors to the VMC and help transform the VMC into an urban destination to visit and spend time.

It is anticipated that in 2018 more than 1,000 new employees will be working in the first two office buildings, both located within the Mobility Hub nexus, and that more than 2,000 residents will be calling the VMC home. Furthermore, Economic Development identified that there is a current population shed of 27,000 residents within 2.5 km who would potentially use this facility. The YMCA Centre of Community, Library and recreation space will create a liveable downtown by integrating health and wellness, creating a truly transit-oriented development and pedestrian-friendly place for an accessible and high quality experience.

##### **Implement the facility objectives of the City's Active Together Master Plan (ATMP)**

Active living is a key to a healthy, prosperous city. Individuals and families enjoy longer lives. The economy functions better, powered by healthy workers. Healthy communities mean less of a burden on our health care system. The social fabric of our neighbourhoods is strengthened as residents play together and enjoy shared spaces.

The ATMP contains assessments that are based on several inputs, including demographic indicators, activity trends, facility provision principles, and priorities identified by the public, community groups, and internal stakeholders. As with all strategy documents, the best judgment in light of the information available to it at the time of preparation is used and is subject to change based on further analysis.

Given the increasing land costs in the VMC, availability of land for purchase, pressures on the City's operating and capital budget and competing interests, a traditional approach to building and operating the Community Centre and Library, including parking, in the VMC as identified in the ATMP in the next 15 years is highly unlikely.

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However, to implement the facility objectives of the ATMP, a new multi-purpose community centre and library are planned to be built in the VMC. The Plan contemplates that approximately 75,000 sq. ft. of space will be required for a community centre and 35,000 sq. ft. for the library on approximate 7ha (17 acres) of land, if not co-located within a more urban concept.

The ATMP states that the future site for the Centre and Library in the VMC should be highly visible, integrated with other civic or institutional uses where possible, and in the hub of activity with an animated and active street environment. It should be sited within a 5 minute walking distance of the York Region Transit (YRT) Bus Terminal and VMC Subway Station, and preferably located adjacent to a public park/urban square. The centre will serve not only residents and employees but also provide a convenient location for commuters passing through en route to a final destination.

In addition to the transit, the Centre should be accessible and located close to pedestrian and cycling networks and on a site that has sufficient frontage and is able to accommodate self-advertising and good visibility within the area. The Centre should be aesthetically pleasing and have a user-friendly layout that creates an inviting and comfortable environment to become a destination point for residents and visitors alike.

**The proposed YMCA Centre of Community, Library and Recreation Space accomplish all of the requirements set out in the ATMP.**

The City has been working with the YMCA on the opportunity to advance the development of a YMCA Centre of Community, Library and recreation space in the VMC within a SmartReit development. SmartReit is currently in the predevelopment phase for a new mixed-used building located at the corner of Apple Mill Road and Millway Avenue adjacent to the YRT Bus Terminal. The City and YMCA are proposing to locate a YMCA Centre of Community, Library and recreation space, including a child care centre, within this mixed-use development and begin operations in 2019.

The proposed facilities for the YMCA Centre of Community, including child care centre, City library and City recreation space are estimated to occupy a total of approximately 119,000 square feet, consisting of about 87,000 square feet for the YMCA, 22,000 square feet for the City recreation space and about 10,200 square feet for the City library.

The YMCA will be state-of-the-art operating a swimming pool, large gymnasium, conditioning and weight room, stretching areas, program studios, and community spaces. This space will also include approximately 5,000 square feet of child care space for children infant to preschool age.

The YMCA Centre of Community as illustrated in Attachment 3 has been designed to accommodate an extensive amount of programming opportunities for all ages as noted in Attachment 4.

Programming will be finalized through a community engagement process that will be undertaken jointly with the City recreation and library staff and YMCA. It is anticipated that the engagement process will commence shortly after Council direction is received.

As with all YMCA locations, there will be spaces for the community to host activities of their choice. In previous years the YMCA Community spaces have hosted Municipal All Candidates Debates, Local BIA meeting, Local Not-for-Profit events, Trade Shows, Job Fairs to name a few.

The YMCA is the largest provider of Not-for-Profit child care in Canada, the VMC location will provide child care for infant to preschool age. The YMCA Playing to Learn™ curriculum prepares children for primary school education by using play as a learning medium. Children are given opportunities to discover and explore in spaces that support and encourage social, emotional, cognitive and physical development.

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#### **City Recreation Space Has an Opportunity to Build On Other Community Centre Offerings**

The City's recreation space (Attachment 3) will complement the offerings of the YMCA Centre of Community by using a model established by The Studios in Seattle. Additional information about The Studios can be found at [www.thestudios.org](http://www.thestudios.org). The Studios offer community space that is multi-purpose in nature and easily programmed to fit a variety of recreational needs centered on performance arts. This type of programming is currently offered at the City's existing community centres in multi-purpose space. The space at this location is also designed to accommodate event and other revenue generating opportunities.

Recreation Services also identified a need for a community kitchen. This has been accommodated into the design of the facility. Community kitchens are a community development tool. They help people share knowledge, ideas, cultures, lifestyles—and food. The reasons for getting involved in a kitchen may differ but every participant experiences the good food, increase in culinary knowledge, and rich social benefits of their shared efforts. Community kitchens invite people to help themselves, each other, and their communities.

#### **Part B: Business Transaction and Financial Implications**

Under the proposed deal, SmartReit will convey ownership to the YMCA of the total space occupied by the facilities through the transfer of strata title to the YMCA. The YMCA will therefore own the facilities and will lease the City library and recreation spaces to the City. The City will have right of first opportunity to acquire ownership of the YMCA facility from the YMCA, for a not-for-profit community centre use, if the YMCA ever intends or attempts to dispose of its ownership interest in the YMCA facility.

#### **Both the City and YMCA share in key aspects of the Business Transaction**

- City to fund 2/3 of YMCA Centre of Community Capital Cost (Estimated at \$27.6M)
- City to fund 100% of City Library/City Recreation space (Estimated at \$18M)
- City to fund capital cost through regular payments to YMCA over a 25 year period through lease agreement (Estimated at \$1.7M per annum)
- City to pay operating/maintenance costs associated with City Library/City Recreation space through lease agreement beginning in 2019 (Estimated at \$1.1M per annum)
- City to contribute towards Strata Title ownership for YMCA
- City to guarantee YMCA financing from Infrastructure Ontario
- YMCA to provide the City with First Right of Opportunity should YMCA ever vacate the facility (purchase price to be reduced by a pre-agreed amount with YMCA in recognition of City's previous capital contributions)
- YMCA to fund 1/3 of YMCA Centre of Community Capital Cost (Estimated at \$13.8M)
- YMCA to cover initial capital cost of facility through debt financing
- YMCA to cover all operating costs associated with facility
- YMCA to cover all lifecycle costs associated with facility
- YMCA to provide an access agreement to the City to guarantee YMCA membership fee based access to all Vaughan residents/businesses

#### **The City will become both a major funding partner and tenant through a lease agreement**

Through the lease agreement between the City and the YMCA, the City would be a contributing partner in funding the project. The total cost to build the proposed facilities is currently estimated at \$59.4 million which includes construction-related costs that have been estimated at a

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maximum of \$500 per square foot. The City's portion of this total project cost would be \$45.6 million and would consist 100% of the capital costs for the City library and City recreation facilities and 2/3 of the capital costs of the YMCA facility. The proposed allocation of the project's estimated capital costs are outlined below:

<b>Capital Cost Component (\$M)</b>	<b>City Funded</b>	<b>YMCA Funded</b>	<b>Total</b>
YMCA Centre of Community	\$ 27.6	\$ 13.8	\$ 41.4
City Recreation	\$ 10.9		\$ 10.9
City Recreation – Furniture & Equipment	\$ 0.9		\$ 0.9
City Library	\$ 5.1		\$ 5.1
City Library – Furniture, Equipment & Resource Material	\$ 1.0		\$ 1.0
<b>Total Capital Project Costs</b>	<b>\$ 45.6</b>	<b>\$ 13.8</b>	<b>\$ 59.4</b>

In addition to the City funded cost identified above, it is common practice for a municipality to provide the land required for YMCA partnership. Given that the City does not currently have land interests in the VMC, staff are recommending that a contribution be made to the YMCA for 100% of the stratified title acquisition purchase price. Land appraisals from two separate appraisal firms were attained for this purpose. The results of the land appraisals and the required funding will be the subject of a report to Closed Session on February 1, 2016.

#### **The City's funding contribution will be paid out over a long period of time**

The land acquisition and construction-related costs are expected to be paid to SmartReit over the development timelines for this project. Payments will be made by YMCA to SmartReit with the City reimbursing the YMCA through the lease agreement for its share of the project costs. It is anticipated that the YMCA will leverage Infrastructure Ontario financing to take advantage of preferable lending terms and to the extent possible to allow the capital cost impact for the facilities to be spread over a 25 year period. In order for the YMCA to secure the needed financing from Infrastructure Ontario, the City will be required to guarantee the total value of the loan to Infrastructure Ontario.

With some of the project's capital costs funded by the YMCA, the proposed lease agreement results in a reduced capital cost impact to the City versus a traditional build. The lease agreement also provides the City with the opportunity to spread the capital cost impacts over a longer period of time, this helps match the expected DC revenues from the VMC area with the capital expense of this facility.

#### **A 2/3 government funding contribution is common for YMCA partnerships**

For the construction-related costs, it is the YMCA's standard practice to enter into a funding structure with local and senior levels of government to share in the development costs of new YMCA facilities. This structure allows for the cost of the YMCA facility to be split equally three ways between the parties. Due to the development timelines for this project, the YMCA is constrained to secure provincial funding for this project at this time. They would require that the City agree to be the backstop for 2/3 of the total funding requirement for the YMCA facility and the YMCA would fund the remaining 1/3 of the cost. The City's 2/3 funding contribution of the YMCA facility construction costs has occurred in other YMCA developments, most recently in the YMCA's Richmond Street development with the City of Toronto. The YMCA has agreed to continue lobbying for additional funding from senior levels of government which, if acquired,

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would reduce the City's share of cost. If City Staff and the YMCA are successful in acquiring relevant government grants for the project, the impact to the City could be reduced by up to \$13.8 million. As the availability of this funding is uncertain at this time City Staff has assumed the full 2/3 contribution in all analysis to ensure affordability to the City.

#### **An adjustment to the City's long term capital plan will be required to allow the YMCA Centre of Community, Library and recreation space to move forward**

The current balance within the indoor recreation reserve is healthy, but there must be consideration for the effect that the project will have on the timing of other recreation projects. A community centre in Block 40/41 is identified in the current long-term capital plan based on the 2013 DC Background Study with the purchase of land slated in 2017 and construction following in 2019/20. In order to facilitate the construction of the YMCA and recreation space the timing of the construction of this project would need to be adjusted to 2023/24 while the purchase of the land would occur in 2019. This adjustment would better align the timing of the Block 40/41 facility with anticipated growth in the area. The Block 40/41 Library construction would also be realigned with the Community Centre.

#### **The development will have a positive impact on the City's DC service levels**

It should be noted that the approximate 87,000 square feet of YMCA space and the cost of the strata title transfer are both eligible for inclusion in the City's development charge service level. City Staff will aim to include the full value for both of these items in future development charge service level updates. These service levels are used to establish future development charge rates and determine the amount of development charges that may be collected to fund new facilities.

#### **The impact of the co-funding cost component will be spread over time**

Of the total cost of the project that will fall to the City, 10 per cent must be funded using a non-DC funding source. Typically the funding source relied upon for these types of projects has been property tax. In an attempt to mitigate future property tax impacts City Staff will explore other funding options including the use of Section 37 contributions where possible. The impact will also be softened through the lease arrangement with the YMCA which will spread the cost up to 25 years. If a property tax impact is experienced based on the 10 per cent co-funding, this is not expected to take effect until the 2019 budget.

#### **The effect on future operating budgets is significantly favourable for the City**

While the City's recreation service delivery model is built on a user fee and free program delivery model, the YMCA is membership based. The YMCA operates in this manner largely because it relies only on operating revenues and donations to be sustainable. All revenues generated by the YMCA for memberships and programming will remain with the YMCA. In return, the YMCA will assume all operational and lifecycle maintenance costs for their portion of the project. Conservative estimates suggest that through a 25 year lease agreement term the City can save more than \$30 million of operating and asset lifecycle costs.

The City will be responsible for the operating and life cycle maintenance costs for the library and recreation spaces. These costs will not be incurred in this term of Council with the anticipated opening of these facilities occurring in early 2019. The recreation space is not anticipated to produce a significant operating impact as it will not be staffed on a full time basis, but rather as needed when specific events or programming are underway. The library will have a more significant operating impact which is estimated at approximately \$0.9 million per year. Other shared building costs such as utilities and facilities maintenance will be allocated to the City through a cost sharing agreement with the YMCA which has not yet been finalized.

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**Part C: Impact on the VMC as a new Downtown**

The creation of civic infrastructure at the outset of the VMC incorporated into a dense, mixed-use development demonstrates the City's leadership, commitment and investment in a people-first approach and quality of life in the City's new downtown, while supporting the broader goals and vision of the downtown as articulated and endorsed by Council in the VMC Secondary Plan.

7.4.5: The site layout, built form and quality of design of libraries, cultural facilities and other community buildings shall be compatible with the planned form of development in the VMC. This will entail the development of alternative standards and forms for these facilities, including multi-storey buildings and underground parking areas. Arrangements between the City and developers that result in relatively compact, well designed community facilities, and offset the increased cost of land and alternative design standards, shall be encouraged.

The location also conforms to the VMC Secondary Plan in that the proposed location falls within the area identified on Schedule E: Community Services and Cultural Facilities. Furthermore, through mediation, Recreation Department and Library Staff participating in the negotiations narrowed the area for a potential multi-purpose community centre/library.

**The Facility should be high-performing in every aspect – environmentally, economically, and experientially in its service offerings – giving people better, brighter, healthier spaces to work and play**

At the centre of the VMC, the location of the proposed development is seamlessly connected to high-order transit, important public realm destinations, and mixed-use development to provide future residents, employees and visitors with easy access to community services. This highly visible and strategic location is adjacent to the VMC's primary urban plaza, which is intended to be a highly public programmed space and a focus of early public realm activation.

Within the primary zone of the Mobility Hub, the inclusion of a Community Centre and Library instantly places the community at the heart of the downtown.

Layered together, these built form, public realm and programmatic components will create a primary hub that is a destination for a critical mass of people rather than a place to pass through, helping to achieve the vision for this important Mobility Hub as outlined by Metrolinx and the VMC Secondary Plan. The exciting mix of services and amenities at this central location will help to attract and engage a diverse population to the VMC. This development will help to catalyze community and economic development in Vaughan's emerging downtown with early phase programmatic vibrancy and pedestrian activity.

**Ensure a Strong Placemaking Value**

The proposed co-developed YMCA Centre of Community, Library and recreation space provides immense placemaking value to Vaughan and the VMC's development in three primary ways:

- A Civic Presence: The development of a YMCA Centre of Community, Library and recreation space will establish a clear civic presence in the VMC. This is a real project opportunity that will signal in a tangible way municipal investment in social infrastructure and economically beneficial development partnerships. Given that the City does not have substantial land holdings in the VMC (instead relying solely on its private sector partners to implement the City's vision) this project is a real opportunity for the City of Vaughan to be the master of its own destiny with regards to a major early-stage and long-term anchor to the new downtown.

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- **Diverse Community Programming:** The YMCA Centre of Community, Library and recreation space will provide a space for community programming, both recreational and educational in nature, with a diversity of positive offerings and experiences.
- **A Development Catalyst:** The development will likely help to unlock further development opportunities in this central “Core” area – ideally coinciding with or near to the opening of the Spadina Subway extension. As Live Work Learn Play (LWLP), the City’s Development Facilitator, has highlighted, major office users want to locate in areas that provide their employees high-quality urban lifestyles including easy commutes and close proximity to daily services and amenities. The announcement of a state of the art YMCA Centre of Community, Library and recreation space will help catalyze and secure other major office deals to the new downtown. The project immediately offers an important piece of what employers are looking for and signals real estate investment. It will also benefit residential sales efforts, providing a significant quality-of-life value-add to potential VMC residents, and potentially increasing the pace of absorption.

#### **Leverage and Build Upon Existing Investment and Development Momentum**

The proposed YMCA Centre of Community, Library and recreation space is to be located in the VMC’s Mobility Hub, where major public and private investments are already being made and where development activity is already happening. This co-developed project, if approved, will be the fourth major development to be proposed within the Mobility Hub behind the KPMG building (300,000 SF of office space), Transit Square, TTC Station and the York Region Transit Bus Terminal; currently, several more projects for this area including a new condominium and the first phase of SmartReit’s named “Central Park” for the north-west quadrant of the VMC are planned.

#### **Focus on the Creation of a Concentrated User Experience**

The area in and immediately adjacent to the VMC’s Mobility Hub (the lands directly around the extension of the Spadina Subway) have been identified in the VMC Secondary Plan as the ideal place for a Library/Community Centre to develop, being the “centre ice” of the new downtown. In developing the facility around the existing and planned investments described above, the proposed YMCA Centre of Community, Library and recreation space reinforces this central area of activity and ensures its early-stage success by concentrating another critical anchor within this geographic area. It adds an important and currently missing service offering to the area – services necessary to achieve Vaughan’s and landowners’ joint vision of this area becoming “The Core” of the new downtown.

#### **Drive People Traffic and Visitation**

The YMCA Centre of Community, Library and recreation space will establish in the early years of the VMC a true centre for community gathering – a space where residents of Vaughan, no matter their civic, cultural or ethnic identity can come to and use. The YMCA of Greater Toronto makes the delivery of such an experience a core service mandate for any and all new centres it develops – many of which are sited in the downtown of municipalities so that they may truly become the centre for the community.

As a result the proposed YMCA Centre of Community, Library and recreation space will be a destination that will:

- **Prolong the Stays of Early Adopter VMC Residents and Employees:** There will be an existing population of residents and employees in the downtown in the early years, with limited service offerings. The Community Centre has the ability to give those early adopters reasons to spend additional time in the central area of the VMC, and potentially return more frequently beyond their traditional commuter or resident behaviours.

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- **Attract New Visitors/Users and Generate Repeat Visitors to the VMC:** The collective programming of the Community Centre, located within less than a 5-minute walk from the subway station and the regional bus terminal, will allow the VMC to attract and capture the customer demand of not just Vaughan residents but likely also employees, students and residents of northern Toronto, and parts of Markham and Brampton as well seeking access to this significant community anchor amenity. This will in effect, create tremendous repeat visitation to the VMC from users groups who would not otherwise come to the VMC at an early stage of its evolution, well ahead of much additional residential, retail or office development coming on-line.

#### **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

The Term of Council Service Excellence Strategy Map identifies 16 Council priorities. Moving forward with the proposed partnership with the YMCA directly impacts five of the priorities.

- Facilitate the development of the VMC
- Continue to ensure the safety and well-being of citizens
- Support and promote arts, culture, heritage and sports in the community
- Attract investment and create jobs
- Invest, renew and manage infrastructure and assets

#### **Regional Implications**

Not Applicable

#### **Conclusion**

The proposed YMCA Centre of Community, Library and recreation space project is an important city-building opportunity in the Vaughan Metropolitan Centre. Given the city-wide pressures on the DC reserves, high land values in the VMC, and the earlier than expected projected need for community infrastructure service levels in the VMC, negotiating a successful real estate outcome could leverage other methods of funding capital infrastructure and in particular, recreation and library services. Given that these services belong to the “soft services” category for DCs, they face several funding restrictions that are not experienced by that of roads, water, waste water and storm water infrastructure and therefore will have to be approached differently in the VMC area.

This proposed 119,200 square foot development will immediately help to create a liveable downtown and urban destination. The project integrates health and wellness with transit and mixed-use development, creating a truly transit-oriented development and people-first place, while simultaneously responding to the financial challenges of the City.

With this project, the Vaughan Metropolitan Centre becomes a leading example of successful planning and development for a mobility hub as a vibrant, mixed-use environment.

#### **Attachments**

Attachment 1 – Summary of Financial Analysis – Traditional Build v. YMCA Partnership  
Attachment 2 – YMCA of Greater Toronto Communication Re: Binding Term Sheet  
Attachment 3 – Architectural Rendering Interior  
Attachment 4 – YMCA Programming Opportunities  
Attachment 5 – VMC Site

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 16, 2016**

Item 3, CW(WS) Report No. 10 – Page 12

**Report prepared by:**

Tim Simmonds, Chief of Corporate Initiatives and Intergovernmental Relations  
Rita Selvaggi, Manager Financial Planning and Analysis  
Brianne Clace, Senior Analyst  
Kay-Ann Brown, Senior Financial Analyst  
Moir Wilson, Senior Urban Designer, Urban Planning  
Amy Roots, Senior Planner VMC, Development Planning

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)



## memorandum

C 2  
COMMUNICATION

CW (WORKING SESSION)  
February 9 | 16

ITEM - 3

**DATE:** February 8, 2016

**TO:** Hon. Mayor Bevilacqua and Members of Council

**FROM:** Tim Simmonds, Chief Corporate Initiatives and Intergovernmental Relations

**RE:** **COMMITTEE OF THE WHOLE (WORKING SESSION) FEBRUARY 9, 2016 VAUGHAN METROPOLITAN CENTRE (VMC) YMCA CENTRE OF COMMUNITY, LIBRARY AND RECREATION SPACE PROPOSED FUNDING PARTNERSHIP WITH THE YMCA OF GREATER TORONTO**

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This memo is in response to the comments and questions forwarded to Staff via email on February 2 from Deputy Mayor and Regional Councillor Di Biase. Staff would like to thank Council for the opportunity to provide additional information and address the comments and questions proposed about this important city building initiative.

Staff have consulted throughout this project with the following external expertise; VMC Development Facilitator, Live/Work/Learn/Play; McCarthy Tétrault LLP; and, Hemson Consulting. In addition, Real Estate Appraisals were conducted with Deloitte LLP and Colliers International Realty Advisors. The YMCA retained their own external legal expertise, Aird & Berlis LLP.

The memo has been organized into three sections:

**Section A: General Comments and Expanded Context –**

This section addresses the comment section received via email

**Section B: Response to Questions Raised at the Committee of the Whole CLOSED Session, February 2, 2016**

**Section C: Response to Questions Raised via Email**

## **Section A: General Comments and Expanded Context:**

### **Partnerships are Financial and Social**

In a broad sense, a partnership is any cooperative endeavor undertaken by multiple parties. The City has a myriad of partnerships, such as: The Sports Village, Ontario Soccer Centre, Vaughan Business Enterprise Centre, Vaughan Community Health Centre, Soccer Clubs, Seniors Clubs and Recreation and Cultural programming to name but a few.

Each partnership is unique. With the proposed opportunity to partner with the YMCA of Greater Toronto, Staff used the Council endorsed 2010 Official Plan, VMC Secondary Plan, Development Charges Background Study and Active Together Master Plan (ATMP) as guiding documents to inform the work presented.

Each partner will have a financial investment in the 119,200 sq.ft. facility. Although the capital expenditures appear to be 'skewed' to favour the YMCA (\$13.8M capital investment) as Staff recommends the City provide \$45.6M toward capital, and additional costs for the Strata Title, it is important to understand that the YMCA, as the City's partner, will operate the facility with the exception of the City Library and Recreation Space. This will generate annual savings for the City of \$2M in operating and maintenance (O/M) costs. O/M costs, which continually rise, are not currently recovered through program fees at the City's 10 Community Centres. Correspondingly, all revenue generated at the City facilities remain with the City. Under the terms of the proposed agreement the long-term return on investment through this partnership will be much greater than the initial capital investment.

In addition to the annual O/M savings, the YMCA brings one of the strongest and longest operating (165 years) not-for-profit brands to the VMC. This allows the City to leverage the YMCA's operating model, which focuses on inclusiveness and accessibility to people of all ages and abilities, and pair it with guaranteed public access. This mirrors the definition of partnerships in the ATMP which states that maximizing the resources of each party is seen as a beneficial way to increase the amount of publicly accessible facilities provided, so long as the public interest is maximized and the partnerships fulfill the desired objectives of the City and its partners.

### **Accelerated Development Fulfills Broader Social and Financial Goals**

The Development Charges Background Study is clear that given that this project belongs to the "soft services" category for DC's and face several funding restrictions that are not experienced by

that of roads, water, waste water and storm water infrastructure, it will therefore by necessity, have to be approached differently in the VMC.

The DC Background Study for “soft services” is a guideline which is used to set the DC rate. The timing and order of project delivery is not set in stone and can be adjusted based on the City's needs while providing a snapshot of a forecasted capital program at a specified point in time (for the 2013 DC Background Study this was a forecast built in 2012).

The intent of the DC Background Study is not meant to limit a municipality to that specific costing or sequencing of capital projects. Rather, municipalities are able to re-prioritize and reallocate costs as needed, so long as it is only spending within it's 'maximum allowable' envelope as set out in the DC Background Study. Most municipalities, including the City of Vaughan have deviated from their capital plan as presented in their current DC Background Study.

The Study is updated every 5 years and any changes in the capital program are captured in that next iteration. By moving the Block 40/41 Library and Community Centre, this allows the VMC project to move forward while still remaining within the maximum allowable envelope for Library and Recreation growth related services.

As a critical piece of social infrastructure the project could not be financially contemplated without a partnership with the YMCA until post 2028 which would then lag development, new residents and employees. As a partner with the YMCA the City will access the YMCA's ability to finance the project over 25 years through the Province. Therefore, a large portion of the City's \$45.6M proposed capital investment will not be required at time of construction in the same manner as a traditional municipal project. As a result, the partnership gives the City the ability to catalyze residential and office development and create a liveable downtown and urban destination integrating health and wellness with transit and mixed-use development in 2019 while optimizing the City's DC reserves.

### **Staff Identify Full Capital Costs**

Staff are aware, as indicated in the comments, that funding from other levels of government could be difficult for the City. However, the YMCA as the City's partner, has committed to working toward reducing the overall municipal contribution by up to \$13.8M (1/3) and are resourced to do so as this is a core element in their corporate operating model. Staff have also been cautious to not make any assumptions related to the 1/3 funding from another level of government in its financial overview of this project, presenting an upset limit or “worst-case scenario” analysis.

### **Understanding Future Implications**

By moving the capital for construction of the Library and Community Centre in the Block 40/41 to 2023/24 but keeping the land purchase in 2019 allows the VMC project to move forward from 2020/21 while still remaining within the 'maximum allowable' envelope for both Library and Recreation growth related services.

This 'maximum allowable' envelope (calculated in the DC Background Study) ensures that the City is maintaining and staying within its DC service level provisions. The DC Act requires that increases in service levels be funded through non-DC sources. In this project the 1/3 funding from the YMCA's fundraising provides that non-DC source. Another important and positive implication is that the increase in service level while adhering to the DC Act.

### **Staff Are Cognizant of Tax Implications**

A traditional "build", if undertaken, would result in the 10 per cent co-funding or \$4.6 million pressure on taxation in 2019. However, through the partnership with the YMCA the impact will be softened through the previously mentioned 25 year repayment arrangement with the YMCA. Beginning in 2019, the property tax impact for the \$4.6 million co-funding (spread over 25 years) moves the tax impact to 0.1 per cent per year over 25 years. There are also other opportunities that City Staff will explore such as other funding options including the use of Section 37 contributions where possible.

The City will not have to pay the approximately \$2 million in annual costs for operating the facilities, including labour, maintenance, utilities and asset life cycle costs for the community centre and library by partnering with the YMCA, equivalent to a tax impact of 1.2% in 2019 per year (0.8% vs 2%).

**PART B:**

**Response to Questions Raised at the Committee of the Whole (Closed Session)**

**February 2, 2016**

**B1. Please provide a list of all the Recreation and Library projects that are forthcoming including the purchase of land. The question was “what impact is this project going to have on our current plans.” With the question was also the notion that the purchase of parkland would be impacted.**

- In order to facilitate the construction of the VMC Community Centre and Library the timing of the construction of Block 40/41 facility will need to be adjusted to 2023/24 while the purchase of the land would occur in 2019. This adjustment would better align the timing of the Block 40/41 facility with anticipated growth in the area.
- The Block 40/41 Library construction would also be realigned with the Community Centre.
- The purchase of parkland will not be impacted because parkland is purchased using cash-in-lieu of parkland reserves and does not impact the recreation or library Development Charge reserves

**B3. The City is contributing 2/3 toward the capital cost of the total YMCA facility; however, the City’s recreation facility doesn’t provide a daycare facility. How much of the capital cost contribution towards the YMCA facility is attributed towards the daycare space?**

- The YMCA daycare space is approximately 6,200 square feet, which is 7 per cent of the total YMCA space
- 7 per cent equates to approximately \$2.2 million of the YMCA cost

## **Part C:**

### **Response to Questions Raised Via Email:**

**C1. What is the square footage of the community centre and the library as noted in the City's DC document?**

- VMC library is estimated at 36,000 sq. ft. and 1.5 acres
- VMC Community Centre does not provide for a total number of sq. ft. but does indicate 7.5 acres of land. However, in the Active Together Master Plan the Centre is sized at 75,000 sq.ft.
- At the time of drafting the 2013 DC Background Study, little was known about how and when the development of the VMC would come to fruition. As a result, the estimates provided were based on a traditional Community Centre/Library approach

**C2. What is the schedule for the community centre and for the library as noted in the DC document?**

- Timing within the DC Background Study included:
  - VMC library:

Land	2020
Design	2020
Resource Material	2020/21
Construction	2021
Furniture and Equipment	2021
  - VMC Community Centre:

Land	2017
Feasibility	2019
Construction	2020-2021
- Although this was the estimated timing of the VMC Library and Community Centre, only \$17.1M of the costs fall within the current Development Charge Background Study period (2012-2012). Therefore, the opportunity to use the YMCA's financing capability with the Province will align the capital costs with the DC Background Study.

**C3. What is the square footage construction cost being collected as per the DC document for Facilities and Library?**

- The historical construction cost per square foot for libraries in the DC background study (excluding land, resource material and furniture/equipment) is \$280/sq. ft. and community centres is \$287/sq. ft. (excluding land, furniture and equipment).

**C4. The DC document and Active Together Master Plan takes into account future development and population projections. The timing of these two facilities (Library and Community Centre) was based on future growth. So with only 2,000 residents moving into the VMC by 2018, how can the accelerated timeline be justified? How will the**

**operating costs funded by taxation (approx. \$1.4 million) be funded with limited growth in the area by 2018?**

- The City's Planning and Growth Portfolio have identified that development applications for the VMC project a total of 3,341 residential units by 2018 as communicated to Planning by the applicants.. However, anticipating some delays in development, Staff reported a very conservative population estimate. In addition to VMC residents the proposed facility will be located in the Mobility Hub. YRT/Viva is estimating approximately 20,000 movements per day in 2019 and more than 30,000 people movements by 2031.
- The Persons Per Unit (PPU) as identified in the DC Background Study, for small apartments is 1.6 and 2.23 for large apartments. Assuming 50 per cent of the units will be small and 50 per cent will be large, this equates to a total projected residential population of 7,425 for the 2018-2020 period. See Chart below.

	Residential Units	Estimated Build Out/Occupancy
<b>ACTIVE DEVELOPMENT APPLICATION</b>		
The Met	591	Q4-2017
Zzen*	420	Q2-2018
Midvale*	430	Q2-2018
Expo Tower 1	353	Currently Partially Occupied
Expo Tower 2	351	Q1-2016
Liberty Maplecreek - Phase 1A **	792	Q3-2018
Liberty Maplecreek - Phase 1B **	228	Q2-2019
Liberty Maplecreek - Phase 2 **	308	Q4-2020
Vaughan City Square - Phase 1 ***	404	Q4-2018
Transit Square	-	Q3-2017
KPMG	-	Q4-2016
<b>Total Residential Units</b>	<b>3877</b>	

**C8. What is involved with a community kitchen and how is it a community development tool? Where in the GTA has this been done and was it deemed a success?**

- The kitchen is one amenity in the recreational multi-use space. Community or instructional kitchens can provide opportunities for programming and uses that range from hosting community cultural celebrations and events, instructional programming related to the culinary arts, social interaction and corporate team-building. All aspects of such programming attracts visitors and users to the sites which is integral to the development of the VMC.

The inclusion of kitchens as an amenity in community spaces is common because it expands on the variety of potential uses. Recreation Services currently runs very successful culinary programs for a variety of ages that are usually at or beyond the capacity of existing amenities. The inclusion of kitchens and offering culinary programs in recreation centres is a common practice in most municipalities. Examples include Markham, Richmond Hill, Toronto, Brampton and Mississauga.

- The City of Vaughan celebrated the talents of its New Horizons for Seniors Art and Cultural Cooking Program participants with an exhibition of their artwork and cuisine at Vaughan City Hall in 2013. Festivities included a sampling of South Asian, Italian

and Chinese inspired dishes, as well as acrylic, oil, pastel and ink drawing media displays. There was an unveiling of a collaborative "City of the Future" mural created by the participants and instructors of the program depicting their vision of Vaughan's future.

Launched in April 2012, the New Horizons for Seniors Art and Cultural Cooking Program was developed by the City's Recreation and Culture Department in collaboration with the Elspeth Heyworth Centre for Women.

- Recreation and Culture currently has Culinary programming/camps at Al Palladini Community Centre, Maple Community Centre, and Garnet A. Williams.
- A review of detailed programming has yet to take place and will be ongoing in partnership with the YMCA and Vaughan Public Libraries.

**C9. How much land is the City acquiring and funding 100% to give to the YMCA? How has this compared to other land transfer for YMCA's projects in the past 5 years? Has the land ownership been totally transferred to the YMCA or leased?**

- The City is not acquiring any land for this project as no land is available in the VMC. However, the City is acquiring a Strata Title for the "box" and is funding 100 per cent of that cost.
- Other recent projects in the GTA where the municipality has funded land costs include:
  - Markham – for 20 years, the City has the right to repurchase land donated if the YMCA wishes to sell
  - Oshawa – for 30 years, the City has the right to repurchase land donated if the YMCA wishes to sell
  - City of Toronto – Bridletowne Circle (Scarborough), where the City purchased land from the local school board, will transfer title at no cost to the YMCA for a YMCA and community hub. The YMCA covenants to operate for up to 30 years.
  - City of Toronto – 505 Richmond St W – provided land for a new YMCA at no cost.

**C10. Has a deal been recommended by staff for acceptance and approved by council anywhere else in the GTA? (And what if any differences in what is being recommended.)**

- Markham, Oshawa and Toronto. Each YMCA project is unique to the community. However, as noted in question 9 – similarities do exist with land and funding models
- Although this project is with the YMCA of Greater Toronto, similar projects have capital investment and land from the local municipality with local YMCA's. There are successful models in cities across Canada – Langford, B.C., Vancouver, Calgary, Saskatoon, Regina, Winnipeg, London, and Fredericton are but a few.

**C11. I need more supporting documentation to understand the cost savings being contemplated by staff. How will YMCA plan for lifecycle replacement? What are the consequences if repairs and replacement are not done in a timely manner?**

- YMCA Lifecycle replacement will be funded through a combination of the capital lease for shared spaces with the City of Vaughan and YMCA operations.
- The following chart compares the overall project financials between a City of Vaughan traditional build approach and the proposed strata title interest and lease agreement with the YMCA:

	Option 1	Option 2	
	Traditional	YMCA Lease	
\$M	build Facility	agreement	Difference
			;
<b><u>Construction-related Capital Costs</u></b>			
Community centre & recreation space	50.9	39.4	11.4
City library	6.1	6.1	-
<b>Total Capital Construction Costs</b>	<b>57.0</b>	<b>45.6</b>	<b>11.4</b>
<b><u>Operating &amp; Maintenance Costs (Over 30 years)**</u></b>			
Net Operating Costs - City Library	24.1	25.4	(1.2)
Net Operating Costs - City Recreation	77.0	15.6	61.4
<b>Total Net Operating Costs</b>	<b>101.1</b>	<b>41.0</b>	<b>60.1</b>

**Financial Assumptions**

\*\* - includes asset lifecycle costs and capital repayment interest costs in lease agreement and excludes net present value calculation. For comparative purposes total costs under both options are compared over 30 years.

- The savings under the YMCA lease agreement is as a result of:
  - As expropriation is extremely difficult in this vicinity the City would face a lengthy appeal process (approximately 15 years) and would be required to pay compounding expropriation interest. Additionally, the City would be required to pay all legal and consulting fees for both the City and the landowner.
  - \$11.4M in construction savings related capital due to the 1/3 contribution from the YMCA
  - \$2M in annual operating & maintenance savings due to YMCA covering all the operating and maintenance cost for the YMCA facility. Under the traditional approach the City would be responsible for these additional operating and maintenance costs.

**C13. Can staff provide a detailed comparison between what is being recommended in this report and The Richmond street project in the city of Toronto. What are the common conditions, and what are the differences between the two projects?**

- The Richmond Street project in the City of Toronto is very similar to VMC in that a YMCA Centre of Community will be built within a mixed use development. Other key similarities and differences are:
  - Mixed use – While the VMC project will have a mix of non-residential uses (office and retail), the Richmond redevelopment includes residential condominiums above and retail space below the YMCA facility.
  - Land – in both projects, the YMCA will own a strata of land that includes the facility. The City of Toronto already owns the entire redevelopment property, so will not have to fund an acquisition but as stated, is providing land at no cost.
  - Building/Facility ownership – in both projects, YMCA will own the facility.
  - Municipal space in the development - in the Richmond project, there is no City of Toronto space.
  - Construction financing – The City of Toronto has committed to fund up to 2/3 of the YMCA facility cost, which is similar to the upset commitment for the VMC project. In the Richmond project City funding will be provided as costs are incurred, rather than financed through a lease with the YMCA (to pay back debt taken on by the YMCA), as envisioned in the Vaughan project. In both cases, we are seeking a City guarantee of all financing required by YMCA.
  - City step in – In both projects the municipality will have a right to step in and gain ownership/operate the facility if the YMCA operation ceases.
  - Redevelopment/relocation – the owner of the VMC land will retain a right to relocate the facility within a defined area in the VMC if certain conditions are met. This possibility of relocation is not part of the Richmond St. concept.
  - Funding of the Richmond St. YMCA has been authorized by Toronto City Council.

**C14. What means of transport will the proposed current 27, 000 residents use to have access to these facilities? Where will they park their vehicles?**

- As the VMC develops to 2031 and becomes home to 25,000 residents and 11,000 employees they will have the ability to take transit, walk and bike to the facility. Locating the facility at the 'heart of the VMC' in the mobility hub is one of the most important elements of the project as the City finds a way to meet the goals outlined in Green Directions, our Community Sustainability and Environment Master Plan and the guiding principles of the VMC Secondary Plan and Active Together Master Plan.
- Parking for any of the 27,000 residents that live outside of the VMC but within the 2.5 km retail shed of the facility will have the opportunity to also walk, bike or take

transit in addition to driving to the facility and using paid parking in an adjacent parking structure that will have approximately 1,100 parking stalls. This structure is being proposed with the development but not associated with the YMCA and City.

If you have any questions or would like to set up a meeting to discuss, please don't hesitate to contact me at extension 8427.

Thank You,

A handwritten signature in black ink, appearing to read 'T. Simmonds', with a large, stylized initial 'T' and a long, sweeping horizontal stroke at the end.

Tim Simmonds  
Chief Corporate Initiatives and Intergovernmental Relations

Cc: Steve Kanellakos, City Manager  
Corporate Management Team

## **COMMITTEE OF THE WHOLE (WORKING SESSION) – FEBRUARY 9, 2016**

### **VAUGHAN METROPOLITAN CENTRE (VMC) YMCA CENTRE OF COMMUNITY, LIBRARY AND RECREATION SPACE PROPOSED FUNDING PARTNERSHIP WITH THE YMCA OF GREATER TORONTO WARD 4**

#### **Recommendation**

The Chief of Corporate Initiatives and Intergovernmental Relations, in consultation with the City Solicitor, Acting Deputy City Manager Community Services and Director of Financial Planning and Development Finance and Deputy City Treasurer and Chief Executive Officer Vaughan Public Libraries, recommend:

1. THAT City Staff be given the authority to finalize and execute a binding term sheet, following the parameters within this report, with the YMCA of Greater Toronto to locate within the Vaughan Metropolitan Centre: a YMCA Centre of Community, including a child care centre and a City of Vaughan Library and Recreation Space at the location shown on Attachment 4 which has been identified in the VMC Secondary Plan as permitting community centre and library uses;
2. THAT Council authorize Staff to include within the binding term sheet, between the City and the YMCA, a City contribution of up to 2/3 of the construction and project-related costs of the YMCA Centre of Community, and a total project cost for the City of up to \$45.6 million to be paid over a period of no less than 15 years;
3. THAT Council endorse Staff to work with the YMCA to secure any relevant government grants that could lessen the 2/3 funding commitment from the City for the construction and related project costs of the YMCA Centre of Community, in addition to long-term operations;
4. THAT Council approve the interior schematic design of the YMCA Centre of Community, City Library and recreation space by Diamond Schmitt Architects and endorse the movement of the project to a detailed design phase;
5. THAT Council direct Staff to initiate the appropriate process to have the YMCA Centre of Community, Library and Recreation Space declared a Municipal Capital Facility;
6. THAT City Staff report back to Council in 2016 with the contractual agreements required to finalize and operationalize the development of the facility.

#### **Contribution to Sustainability**

As described in the City's Strategic Plan, Vaughan Vision 20|20, Vaughan will continue to be a community of choice that promotes diversity, innovation and opportunity for all citizens, fostering a vibrant community life that is inclusive, progressive, environmentally responsible and sustainable.

Green Directions Vaughan embraces a Sustainability First principle. More specifically, Goal four states that sustainability means we make decisions and take actions that focus on "How We Live." Ensuring that actions by Council and Staff "create a vibrant community where citizens, business and visitors thrive". More specifically, the following objectives for Goal four apply:

- 4.1.4. Through creative urban design, as to be described in the new Official Plan, enhance social cohesion by creating more: (1) common indoor and outdoor public spaces; (2) public art; (3) parks and open space; and (4) central, accessible hubs for arts, culture, and recreation.
- 4.1.6. Provide more partnership opportunities for existing non-profit and volunteer groups to meet the community's social, cultural and recreational needs.
- 4.2. Ensure that the City of Vaughan attracts businesses and investment that will result in well-paying jobs for Vaughan citizens, a sustainable tax base and continuing prosperity into the 21st Century

### **Economic Impact**

**Advancing the development of the VMC Community Centre and Library must be economically beneficial to the City. The proposed agreement could save more than \$30 million in future operating and lifecycle costs.**

Financial sustainability is a key priority for the City. Therefore, one of the primary considerations in advancing the development of the VMC community centre and library is ensuring that it is economically beneficial for the City.

A cost benefit analysis carried out by Staff evaluated the financial implications of two alternative approaches to advancing the VMC Community Centre and Library – a traditional build versus a proposed lease agreement between the City and the YMCA. The analysis considered the economic and financial impacts of these two alternatives on various elements including the City's capital and operating costs, asset lifecycle costs, funding sources, ownership opportunity and timing of asset delivery.

As outlined through this report, the analysis revealed there is greater economic benefit to the City to progress with the proposed lease agreement for a YMCA Centre of Community, Library and recreation space. Current estimates excluding land and other capital costs suggest that over a 25 year lease agreement term with the YMCA, the City can save more than \$30 million in operating and asset lifecycle costs versus the City's traditional operating model. A high level summary of that analysis is provided as Attachment 1 to this report. Several financial aspects of this proposal are discussed in detail further in this report.

### **Communications Plan**

Although a formal communication plan is not required, Staff have requested the CEO of Vaughan Public Libraries (VPL) to arrange for City Staff to present to all VPL Board Members at its 2016 February meeting.

The CEO of the VPL presented to the VPL Board at its May 2015 Board Meeting the opportunity for the advanced development of the Community Centre and Library in the VMC. The Board resolved that Library Staff should work with the City, YMCA and SmartReit to undertake the appropriate negotiations and further work that will allow Staff to present a cost benefit analysis with a financial and operational strategy at future 2015 meeting.

### **Key Messages**

- The project will provide a critical amenity to early VMC adopters (employees and residents) improving their VMC experience.

- As a social anchor it will draw a more diverse mix people to the new downtown who would not otherwise have a reason to come at this early stage of its development.
- It will activate the mobility hub as a destination by giving people a reason to spend time there (vs. just pass through).
- Conservative estimates suggest that through a 25 year lease agreement term the City can save more than \$30 million of operating and asset lifecycle costs.
- Given the increasing land costs in the VMC, availability of land for purchase, and pressures on the City's operating and capital budget and competing interests, a traditional approach to building and operating the Community Centre and Library, including parking, in the VMC as identified in the ATMP in the next 15 years is highly unlikely.
- The proposed YMCA Centre of Community including child care centre, Library and recreation facility, are estimated to occupy a total of approximately 119,200 square feet, consisting of about 87,000 square feet for the YMCA Centre of Community, 22,000 square feet for the City recreation space and about 10,200 square feet for the City library.
- The heart of the new downtown will include a social and recreational facility that supports people of all ages and abilities.

### **Purpose**

With Council's previous endorsement, Staff have been working with the YMCA, Vaughan Public Libraries and SmartReit for the past six months on a unique market-driven real estate opportunity that would support the advanced development of the VMC Community Centre and Library in partnership with the YMCA of Greater Toronto that fully achieves the City's Active Together Master Plan.

Staff are continuing to work with the YMCA and SmartReit to finalize a DRAFT financial term sheet and a dynamic project design that will enable all parties to work together toward finalizing all necessary agreements for Council endorsement in 2016. Therefore, to continue with this opportunity it is necessary to enter into a binding term sheet for the project. The YMCA has submitted a communication (Attachment 2) that confirms their desire to formalize the partnership with the City and the development with SmartReit.

### **This report has been divided into the following three parts:**

Part A: Background on Proposed Facility  
 Part B: Business Transaction and Financial Implications  
 Part C: Impact on the VMC as the new Downtown

### **Background - Analysis and Options**

#### **Part A: Background on Proposed Facility**

#### **The Development Begins to Make the Mobility Hub a Destination and Meeting Place**

In addition to providing an opportunity to showcase design excellence and sustainability, this development begins to make the Mobility Hub a destination and meeting place as the new social anchor of the downtown. This is important because by incorporating layers of different uses (civic, cultural, commercial, entertainment and community facilities) that relate to everyday life, it will

make the Mobility Hub a more convenient and pleasurable place, as opposed to the merely functional and transient environment of many transit nodes. This project will immediately create positive experiences and associations for visitors to the VMC and help transform the VMC into an urban destination to visit and spend time.

It is anticipated that in 2018 more than 1,000 new employees will be working in the first two office buildings, both located within the Mobility Hub nexus, and that more than 2,000 residents will be calling the VMC home. Furthermore, Economic Development identified that there is a current population shed of 27,000 residents within 2.5 km who would potentially use this facility. The YMCA Centre of Community, Library and recreation space will create a liveable downtown by integrating health and wellness, creating a truly transit-oriented development and pedestrian-friendly place for an accessible and high quality experience.

### **Implement the facility objectives of the City's Active Together Master Plan (ATMP)**

Active living is a key to a healthy, prosperous city. Individuals and families enjoy longer lives. The economy functions better, powered by healthy workers. Healthy communities mean less of a burden on our health care system. The social fabric of our neighbourhoods is strengthened as residents play together and enjoy shared spaces.

The ATMP contains assessments that are based on several inputs, including demographic indicators, activity trends, facility provision principles, and priorities identified by the public, community groups, and internal stakeholders. As with all strategy documents, the best judgment in light of the information available to it at the time of preparation is used and is subject to change based on further analysis.

Given the increasing land costs in the VMC, availability of land for purchase, pressures on the City's operating and capital budget and competing interests, a traditional approach to building and operating the Community Centre and Library, including parking, in the VMC as identified in the ATMP in the next 15 years is highly unlikely.

However, to implement the facility objectives of the ATMP, a new multi-purpose community centre and library are planned to be built in the VMC. The Plan contemplates that approximately 75,000 sq. ft. of space will be required for a community centre and 35,000 sq. ft. for the library on approximate 7ha (17 acres) of land, if not co-located within a more urban concept.

The ATMP states that the future site for the Centre and Library in the VMC should be highly visible, integrated with other civic or institutional uses where possible, and in the hub of activity with an animated and active street environment. It should be sited within a 5 minute walking distance of the York Region Transit (YRT) Bus Terminal and VMC Subway Station, and preferably located adjacent to a public park/urban square. The centre will serve not only residents and employees but also provide a convenient location for commuters passing through en route to a final destination.

In addition to the transit, the Centre should be accessible and located close to pedestrian and cycling networks and on a site that has sufficient frontage and is able to accommodate self-advertising and good visibility within the area. The Centre should be aesthetically pleasing and have a user-friendly layout that creates an inviting and comfortable environment to become a destination point for residents and visitors alike.

### **The proposed YMCA Centre of Community, Library and Recreation Space accomplish all of the requirements set out in the ATMP.**

The City has been working with the YMCA on the opportunity to advance the development of a YMCA Centre of Community, Library and recreation space in the VMC within a SmartReit development. SmartReit is currently in the predevelopment phase for a new mixed-used building

located at the corner of Apple Mill Road and Millway Avenue adjacent to the YRT Bus Terminal. The City and YMCA are proposing to locate a YMCA Centre of Community, Library and recreation space, including a child care centre, within this mixed-use development and begin operations in 2019.

The proposed facilities for the YMCA Centre of Community, including child care centre, City library and City recreation space are estimated to occupy a total of approximately 119,000 square feet, consisting of about 87,000 square feet for the YMCA, 22,000 square feet for the City recreation space and about 10,200 square feet for the City library.

The YMCA will be state-of-the-art operating a swimming pool, large gymnasium, conditioning and weight room, stretching areas, program studios, and community spaces. This space will also include approximately 5,000 square feet of child care space for children infant to preschool age.

The YMCA Centre of Community as illustrated in Attachment 3 has been designed to accommodate an extensive amount of programming opportunities for all ages as noted in Attachment 4.

Programming will be finalized through a community engagement process that will be undertaken jointly with the City recreation and library staff and YMCA. It is anticipated that the engagement process will commence shortly after Council direction is received.

As with all YMCA locations, there will be spaces for the community to host activities of their choice. In previous years the YMCA Community spaces have hosted Municipal All Candidates Debates, Local BIA meeting, Local Not-for-Profit events, Trade Shows, Job Fairs to name a few.

The YMCA is the largest provider of Not-for-Profit child care in Canada, the VMC location will provide child care for infant to preschool age. The YMCA Playing to Learn™ curriculum prepares children for primary school education by using play as a learning medium. Children are given opportunities to discover and explore in spaces that support and encourage social, emotional, cognitive and physical development.

### **City Recreation Space Has an Opportunity to Build On Other Community Centre Offerings**

The City's recreation space (Attachment 3) will complement the offerings of the YMCA Centre of Community by using a model established by The Studios in Seattle. Additional information about The Studios can be found at [www.thestudios.org](http://www.thestudios.org). The Studios offer community space that is multi-purpose in nature and easily programmed to fit a variety of recreational needs centered on performance arts. This type of programming is currently offered at the City's existing community centres in multi-purpose space. The space at this location is also designed to accommodate event and other revenue generating opportunities.

Recreation Services also identified a need for a community kitchen. This has been accommodated into the design of the facility. Community kitchens are a community development tool. They help people share knowledge, ideas, cultures, lifestyles—and food. The reasons for getting involved in a kitchen may differ but every participant experiences the good food, increase in culinary knowledge, and rich social benefits of their shared efforts. Community kitchens invite people to help themselves, each other, and their communities.

### **Part B: Business Transaction and Financial Implications**

Under the proposed deal, SmartReit will convey ownership to the YMCA of the total space occupied by the facilities through the transfer of strata title to the YMCA. The YMCA will therefore own the facilities and will lease the City library and recreation spaces to the City. The City will have right of first opportunity to acquire ownership of the YMCA facility from the YMCA, for a not-for-profit community centre use, if the YMCA ever intends or attempts to dispose of its ownership interest in the YMCA facility.

### **Both the City and YMCA share in key aspects of the Business Transaction**

- City to fund 2/3 of YMCA Centre of Community Capital Cost (Estimated at \$27.6M)
- City to fund 100% of City Library/City Recreation space (Estimated at \$18M)
- City to fund capital cost through regular payments to YMCA over a 25 year period through lease agreement (Estimated at \$1.7M per annum)
- City to pay operating/maintenance costs associated with City Library/City Recreation space through lease agreement beginning in 2019 (Estimated at \$1.1M per annum)
- City to contribute towards Strata Title ownership for YMCA
- City to guarantee YMCA financing from Infrastructure Ontario
- YMCA to provide the City with First Right of Opportunity should YMCA ever vacate the facility (purchase price to be reduced by a pre-agreed amount with YMCA in recognition of City's previous capital contributions)
- YMCA to fund 1/3 of YMCA Centre of Community Capital Cost (Estimated at \$13.8M)
- YMCA to cover initial capital cost of facility through debt financing
- YMCA to cover all operating costs associated with facility
- YMCA to cover all lifecycle costs associated with facility
- YMCA to provide an access agreement to the City to guarantee YMCA membership fee based access to all Vaughan residents/businesses

### **The City will become both a major funding partner and tenant through a lease agreement**

Through the lease agreement between the City and the YMCA, the City would be a contributing partner in funding the project. The total cost to build the proposed facilities is currently estimated at \$59.4 million which includes construction-related costs that have been estimated at a maximum of \$500 per square foot. The City's portion of this total project cost would be \$45.6 million and would consist 100% of the capital costs for the City library and City recreation facilities and 2/3 of the capital costs of the YMCA facility. The proposed allocation of the project's estimated capital costs are outlined below:

<b>Capital Cost Component (\$M)</b>	<b>City Funded</b>	<b>YMCA Funded</b>	<b>Total</b>
YMCA Centre of Community	\$ 27.6	\$ 13.8	\$ 41.4
City Recreation	\$ 10.9		\$ 10.9
City Recreation – Furniture & Equipment	\$ 0.9		\$ 0.9
City Library	\$ 5.1		\$ 5.1
City Library – Furniture, Equipment & Resource Material	\$ 1.0		\$ 1.0
<b>Total Capital Project Costs</b>	<b>\$ 45.6</b>	<b>\$ 13.8</b>	<b>\$ 59.4</b>

In addition to the City funded cost identified above, it is common practice for a municipality to provide the land required for YMCA partnership. Given that the City does not currently have land interests in the VMC, staff are recommending that a contribution be made to the YMCA for 100% of the stratified title acquisition purchase price. Land appraisals from two separate appraisal firms were attained for this purpose. The results of the land appraisals and the required funding will be the subject of a report to Closed Session on February 1, 2016.

### **The City's funding contribution will be paid out over a long period of time**

The land acquisition and construction-related costs are expected to be paid to SmartReit over the development timelines for this project. Payments will be made by YMCA to SmartReit with the

City reimbursing the YMCA through the lease agreement for its share of the project costs. It is anticipated that the YMCA will leverage Infrastructure Ontario financing to take advantage of preferable lending terms and to the extent possible to allow the capital cost impact for the facilities to be spread over a 25 year period. In order for the YMCA to secure the needed financing from Infrastructure Ontario, the City will be required to guarantee the total value of the loan to Infrastructure Ontario.

With some of the project's capital costs funded by the YMCA, the proposed lease agreement results in a reduced capital cost impact to the City versus a traditional build. The lease agreement also provides the City with the opportunity to spread the capital cost impacts over a longer period of time, this helps match the expected DC revenues from the VMC area with the capital expense of this facility.

### **A 2/3 government funding contribution is common for YMCA partnerships**

For the construction-related costs, it is the YMCA's standard practice to enter into a funding structure with local and senior levels of government to share in the development costs of new YMCA facilities. This structure allows for the cost of the YMCA facility to be split equally three ways between the parties. Due to the development timelines for this project, the YMCA is constrained to secure provincial funding for this project at this time. They would require that the City agree to be the backstop for 2/3 of the total funding requirement for the YMCA facility and the YMCA would fund the remaining 1/3 of the cost. The City's 2/3 funding contribution of the YMCA facility construction costs has occurred in other YMCA developments, most recently in the YMCA's Richmond Street development with the City of Toronto. The YMCA has agreed to continue lobbying for additional funding from senior levels of government which, if acquired, would reduce the City's share of cost. If City Staff and the YMCA are successful in acquiring relevant government grants for the project, the impact to the City could be reduced by up to \$13.8 million. As the availability of this funding is uncertain at this time City Staff has assumed the full 2/3 contribution in all analysis to ensure affordability to the City.

### **An adjustment to the City's long term capital plan will be required to allow the YMCA Centre of Community, Library and recreation space to move forward**

The current balance within the indoor recreation reserve is healthy, but there must be consideration for the effect that the project will have on the timing of other recreation projects. A community centre in Block 40/41 is identified in the current long-term capital plan based on the 2013 DC Background Study with the purchase of land slated in 2017 and construction following in 2019/20. In order to facilitate the construction of the YMCA and recreation space the timing of the construction of this project would need to be adjusted to 2023/24 while the purchase of the land would occur in 2019. This adjustment would better align the timing of the Block 40/41 facility with anticipated growth in the area. The Block 40/41 Library construction would also be realigned with the Community Centre.

### **The development will have a positive impact on the City's DC service levels**

It should be noted that the approximate 87,000 square feet of YMCA space and the cost of the strata title transfer are both eligible for inclusion in the City's development charge service level. City Staff will aim to include the full value for both of these items in future development charge service level updates. These service levels are used to establish future development charge rates and determine the amount of development charges that may be collected to fund new facilities.

### **The impact of the co-funding cost component will be spread over time**

Of the total cost of the project that will fall to the City, 10 per cent must be funded using a non-DC funding source. Typically the funding source relied upon for these types of projects has been

property tax. In an attempt to mitigate future property tax impacts City Staff will explore other funding options including the use of Section 37 contributions where possible. The impact will also be softened through the lease arrangement with the YMCA which will spread the cost up to 25 years. If a property tax impact is experienced based on the 10 per cent co-funding, this is not expected to take effect until the 2019 budget.

### **The effect on future operating budgets is significantly favourable for the City**

While the City's recreation service delivery model is built on a user fee and free program delivery model, the YMCA is membership based. The YMCA operates in this manner largely because it relies only on operating revenues and donations to be sustainable. All revenues generated by the YMCA for memberships and programming will remain with the YMCA. In return, the YMCA will assume all operational and lifecycle maintenance costs for their portion of the project. Conservative estimates suggest that through a 25 year lease agreement term the City can save more than \$30 million of operating and asset lifecycle costs.

The City will be responsible for the operating and life cycle maintenance costs for the library and recreation spaces. These costs will not be incurred in this term of Council with the anticipated opening of these facilities occurring in early 2019. The recreation space is not anticipated to produce a significant operating impact as it will not be staffed on a full time basis, but rather as needed when specific events or programming are underway. The library will have a more significant operating impact which is estimated at approximately \$0.9 million per year. Other shared building costs such as utilities and facilities maintenance will be allocated to the City through a cost sharing agreement with the YMCA which has not yet been finalized.

### **Part C: Impact on the VMC as a new Downtown**

The creation of civic infrastructure at the outset of the VMC incorporated into a dense, mixed-use development demonstrates the City's leadership, commitment and investment in a people-first approach and quality of life in the City's new downtown, while supporting the broader goals and vision of the downtown as articulated and endorsed by Council in the VMC Secondary Plan.

7.4.5: The site layout, built form and quality of design of libraries, cultural facilities and other community buildings shall be compatible with the planned form of development in the VMC. This will entail the development of alternative standards and forms for these facilities, including multi-storey buildings and underground parking areas. Arrangements between the City and developers that result in relatively compact, well designed community facilities, and offset the increased cost of land and alternative design standards, shall be encouraged.

The location also conforms to the VMC Secondary Plan in that the proposed location falls within the area identified on Schedule E: Community Services and Cultural Facilities. Furthermore, through mediation, Recreation Department and Library Staff participating in the negotiations narrowed the area for a potential multi-purpose community centre/library.

### **The Facility should be high-performing in every aspect – environmentally, economically, and experientially in its service offerings – giving people better, brighter, healthier spaces to work and play**

At the centre of the VMC, the location of the proposed development is seamlessly connected to high-order transit, important public realm destinations, and mixed-use development to provide future residents, employees and visitors with easy access to community services. This highly visible and strategic location is adjacent to the VMC's primary urban plaza, which is intended to be a highly programmed space and a focus of early public realm activation.

Within the primary zone of the Mobility Hub, the inclusion of a Community Centre and Library instantly places the community at the heart of the downtown.

Layered together, these built form, public realm and programmatic components will create a primary hub that is a destination for a critical mass of people rather than a place to pass through, helping to achieve the vision for this important Mobility Hub as outlined by Metrolinx and the VMC Secondary Plan. The exciting mix of services and amenities at this central location will help to attract and engage a diverse population to the VMC. This development will help to catalyze community and economic development in Vaughan's emerging downtown with early phase programmatic vibrancy and pedestrian activity.

### **Ensure a Strong Placemaking Value**

The proposed co-developed YMCA Centre of Community, Library and recreation space provides immense placemaking value to Vaughan and the VMC's development in three primary ways:

- **A Civic Presence:** The development of a YMCA Centre of Community, Library and recreation space will establish a clear civic presence in the VMC. This is a real project opportunity that will signal in a tangible way municipal investment in social infrastructure and economically beneficial development partnerships. Given that the City does not have substantial land holdings in the VMC (instead relying solely on its private sector partners to implement the City's vision) this project is a real opportunity for the City of Vaughan to be the master of its own destiny with regards to a major early-stage and long-term anchor to the new downtown.
- **Diverse Community Programming:** The YMCA Centre of Community, Library and recreation space will provide a space for community programming, both recreational and educational in nature, with a diversity of positive offerings and experiences.
- **A Development Catalyst:** The development will likely help to unlock further development opportunities in this central "Core" area – ideally coinciding with or near to the opening of the Spadina Subway extension. As Live Work Learn Play (LWLP), the City's Development Facilitator, has highlighted, major office users want to locate in areas that provide their employees high-quality urban lifestyles including easy commutes and close proximity to daily services and amenities. The announcement of a state of the art YMCA Centre of Community, Library and recreation space will help catalyze and secure other major office deals to the new downtown. The project immediately offers an important piece of what employers are looking for and signals real estate investment. It will also benefit residential sales efforts, providing a significant quality-of-life value-add to potential VMC residents, and potentially increasing the pace of absorption.

### **Leverage and Build Upon Existing Investment and Development Momentum**

The proposed YMCA Centre of Community, Library and recreation space is to be located in the VMC's Mobility Hub, where major public and private investments are already being made and where development activity is already happening. This co-developed project, if approved, will be the fourth major development to be proposed within the Mobility Hub behind the KPMG building (300,000 SF of office space), Transit Square, TTC Station and the York Region Transit Bus Terminal; currently, several more projects for this area including a new condominium and the first phase of SmartReit's named "Central Park" for the north-west quadrant of the VMC are planned.

### **Focus on the Creation of a Concentrated User Experience**

The area in and immediately adjacent to the VMC's Mobility Hub (the lands directly around the extension of the Spadina Subway) have been identified in the VMC Secondary Plan as the ideal place for a Library/Community Centre to develop, being the "centre ice" of the new downtown. In

developing the facility around the existing and planned investments described above, the proposed YMCA Centre of Community, Library and recreation space reinforces this central area of activity and ensures its early-stage success by concentrating another critical anchor within this geographic area. It adds an important and currently missing service offering to the area – services necessary to achieve Vaughan’s and landowners’ joint vision of this area becoming “The Core” of the new downtown.

### **Drive People Traffic and Visitation**

The YMCA Centre of Community, Library and recreation space will establish in the early years of the VMC a true centre for community gathering – a space where residents of Vaughan, no matter their civic, cultural or ethnic identity can come to and use. The YMCA of Greater Toronto makes the delivery of such an experience a core service mandate for any and all new centres it develops – many of which are sited in the downtown of municipalities so that they may truly become the centre for the community.

As a result the proposed YMCA Centre of Community, Library and recreation space will be a destination that will:

- **Prolong the Stays of Early Adopter VMC Residents and Employees:** There will be an existing population of residents and employees in the downtown in the early years, with limited service offerings. The Community Centre has the ability to give those early adopters reasons to spend additional time in the central area of the VMC, and potentially return more frequently beyond their traditional commuter or resident behaviours.
- **Attract New Visitors/Users and Generate Repeat Visitors to the VMC:** The collective programming of the Community Centre, located within less than a 5-minute walk from the subway station and the regional bus terminal, will allow the VMC to attract and capture the customer demand of not just Vaughan residents but likely also employees, students and residents of northern Toronto, and parts of Markham and Brampton as well seeking access to this significant community anchor amenity. This will in effect, create tremendous repeat visitation to the VMC from users groups who would not otherwise come to the VMC at an early stage of its evolution, well ahead of much additional residential, retail or office development coming on-line.

### **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

The Term of Council Service Excellence Strategy Map identifies 16 Council priorities. Moving forward with the proposed partnership with the YMCA directly impacts five of the priorities.

- Facilitate the development of the VMC
- Continue to ensure the safety and well-being of citizens
- Support and promote arts, culture, heritage and sports in the community
- Attract investment and create jobs
- Invest, renew and manage infrastructure and assets

### **Regional Implications**

Not Applicable

### **Conclusion**

The proposed YMCA Centre of Community, Library and recreation space project is an important city-building opportunity in the Vaughan Metropolitan Centre. Given the city-wide pressures on the DC reserves, high land values in the VMC, and the earlier than expected projected need for community infrastructure service levels in the VMC, negotiating a successful real estate outcome

could leverage other methods of funding capital infrastructure and in particular, recreation and library services. Given that these services belong to the “soft services” category for DCs, they face several funding restrictions that are not experienced by that of roads, water, waste water and storm water infrastructure and therefore will have to be approached differently in the VMC area.

This proposed 119,200 square foot development will immediately help to create a liveable downtown and urban destination. The project integrates health and wellness with transit and mixed-use development, creating a truly transit-oriented development and people-first place, while simultaneously responding to the financial challenges of the City.

With this project, the Vaughan Metropolitan Centre becomes a leading example of successful planning and development for a mobility hub as a vibrant, mixed-use environment.

### **Attachments**

Attachment 1 – Summary of Financial Analysis – Traditional Build v. YMCA Partnership  
Attachment 2 – YMCA of Greater Toronto Communication Re: Binding Term Sheet  
Attachment 3 – Architectural Rendering Interior  
Attachment 4 – YMCA Programming Opportunities  
Attachment 5 – VMC Site

### **Report prepared by:**

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Moir Wilson, Senior Urban Designer, Urban Planning  
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Respectfully submitted,

Tim Simmonds  
Chief of Corporate Initiatives and Intergovernmental Relations

### **Summary of Financial Analysis – Traditional Build Vs. YMCA Partnership**

A cost benefit analysis was conducted to compare the financial implications to the City of a traditional approach of building the proposed facilities versus the proposed lease agreement between the City and the YMCA. The analysis considered the financial impacts of these two alternatives on various elements including the City's capital and operating costs, asset lifecycle costs, funding sources, and timing of asset delivery. A number of assumptions were made to estimate the net present value of each alternative, some of which were derived from historical information from other comparable recreation and library facilities. Given the long time horizon of the analysis, the figures provided are best estimates based on the available information.

The net present value calculations show the lease agreement is a more economically beneficial approach for the City to advance the development of the VMC community centre and library as the estimated net present value cost to the City is approximately \$24 million less than a traditional build. The following chart compares the main financial implications to the City of each alternative:

	Option 1	Option 2	
	Traditional build	YMCA Lease	
\$M	Facility	agreement	Difference
<b><u>Construction-related Capital Costs*</u></b>			
Community centre & recreation space	50.9	39.4	11.4
City library	6.1	6.1	-
<b>Total Capital Construction Costs</b>	<b>57.0</b>	<b>45.6</b>	<b>11.4</b>
<b><u>Operating &amp; Maintenance Costs (Per annum)**</u></b>			
Net Operating Costs - City Library	0.8	0.8	(0.0)
Net Operating Costs - City Recreation	2.6	0.5	2.0
<b>Total Net Operating Costs</b>	<b>3.4</b>	<b>1.4</b>	<b>2.0</b>
<b>Net Present Value</b>	<b>(\$58.5)</b>	<b>(\$34.7)</b>	<b>(\$23.8)</b>

#### **Assumptions**

\* - excludes land component

\*\* - includes asset lifecycle costs and capital repayment interest costs in lease agreement

Analysis period: Year 2016-2045

Discount rate – 4%

Inflation rate – 2%

#### **Capital Costs**

Under a traditional approach, the City would be responsible for the total capital cost of the project which is estimated at \$57 million. This cost is based on constructing a comparable facility to the one being proposed in the VMC and consists of all construction-related costs. It is projected that these costs would be paid over a 2-3 year period coinciding with the construction timelines.

Alternatively under the lease agreement, the City's total capital cost of the project would be approximately \$45.6 million. The estimated cost is much lower than a traditional build mainly as a result of the YMCA's 1/3 contribution of the capital cost of constructing the YMCA Centre of Community. In addition, the City's total capital cost of the project would be spread over a period

of 25 years through regular payments to the YMCA through the lease agreement. Interest costs would be incurred over the 25 year payback period (as a pass-through of Infrastructure Ontario's rate) however even with these financing costs, this alternative results in an overall reduced capital cost impact to the City versus a traditional build.

A contribution for the land component is not included in the estimated capital costs of either approach however it is expected that given the land limitations within the VMC, the cost of acquiring land in a traditional approach would be significantly greater than the contribution for the strata title proposed in the lease agreement. An analysis of the land component of this project is included in a report to Closed Session on February 1, 2016.

### **Operating Costs**

In a traditional build, the City would pay for all of the ongoing annual costs of operating the facilities, including labour, maintenance, utilities and asset lifecycle costs. It is estimated that net operating costs would equate to approximately \$3.4 million per year for the community centre and library, and is modeled from historical costs of existing City facilities of comparable format and size. This estimated annual cost is net of revenues that would be generated from community centre programming and space rentals at rates consistent with other City recreation facilities.

Under the lease agreement, the City would pay for the annual operating costs of the City library and recreation spaces and a portion of the shared building costs. The YMCA would assume all operational and asset lifecycle maintenance costs for the YMCA Centre of Community. This alternative results in a significantly reduced operating impact to the City as much of the expected annual operating costs will be incurred by the YMCA. And although the revenues generated by the YMCA for memberships and programming will remain with the YMCA, on a net basis the City could save more than \$1.5 million in operating and asset lifecycle costs annually.

### **Funding Sources and Timing of Asset Delivery**

With a majority of the capital funding for this project coming from development charges, the financial feasibility of advancing this development is based on availability of DC funding. Based on the most recent DC background study, most of the development charges for the VMC community centre and library are not expected to be received until well beyond 2021. As a result, it is estimated that a traditional build for this project would not be economically feasible in the next 15 years. The cost benefit analysis has therefore assumed the timing of the facility construction under the traditional build scenario to be 2030.

Under the lease agreement, the City would spread the total project cost over a period of 25 years or more through regular payments to the YMCA. As a result, this alternative provides an opportunity to advance the development of the facilities in 2016-2018, much sooner than a traditional build, as the longer repayment period would help match the capital expense of the facilities to the expected timing of the DC revenues from the VMC area. As described in the report, to accommodate the advancement of the project under this approach, the timing of other recreation and library projects in the capital plan would require some readjustment.



## ATTACHMENT 2

**YMCA of  
Greater Toronto**  
2200 Yonge St., Suite 300  
Toronto, ON M4S 2C6  
416-928-3362  
[www.ymcagta.org](http://www.ymcagta.org)

January 15, 2016

Tim Simmonds  
Chief Corporate Initiatives and Intergovernmental Relations  
City of Vaughan | Office of the Chief Corporate Initiatives and Intergovernmental  
Relations  
2141 Major Mackenzie Dr.,  
Vaughan, ON L6A 1T1

Dear Tim

I am pleased to write this letter expressing the commitment of our Board of Directors to finalize a binding term sheet with the City of Vaughan, as outlined in the briefing note provided to the February 9, 2016 Committee of the Whole Working Session.

The YMCA of Greater Toronto has been an important part of our region's social and recreation infrastructure for over 160 years. Last year, almost 500,000 people were served by the YMCA of Greater Toronto.

Five years ago, we embarked on a strategic plan called *Strong Start, Great Future* that calls for the YMCA of Greater Toronto to build ten new YMCA Centres of Community in ten years. Our YMCA Centre of Community model is a leading example of building healthy infrastructure. YMCAs are designed, built and operated in a manner that promotes the health of the community. The mix of programs, services, activities and people in a YMCA positively impacts the physical and mental health of individuals as well as the neighbourhood's economic and social well-being.

Building a YMCA Centre of Community within the Vaughan Metropolitan Centre (VMC) is consistent with our strategic vision to increase the level of programs and services provided within York Region and we are very excited to be part of this development.

Our staff have been working collaboratively with the staff of the City of Vaughan throughout the last six months. Our Board of Directors has authorized our staff to continue to work together to secure a binding term sheet. This authorization is based on the following conditions:

*Building healthy  
communities*



- ✓ The City of Vaughan will provide up to 2/3 of the construction costs for the YMCA Centre of Community. The YMCA will work collaboratively with the City of Vaughan to access other levels of government funding to reduce this share.
- ✓ The City of Vaughan will provide funding for the stratified ownership
- ✓ The City of Vaughan designate the YMCA Centre of Community, Library and recreation space as a Municipal Capital Facility
- ✓ Final costing is within the range approved by our Board of Directors.
- ✓ Community fundraising will be necessary to assist in financing the YMCA's 1/3 share
- ✓ City Guarantee of all required financing to be finalized with Infrastructure Ontario

We would like to express our appreciation to the City of Vaughan for their vision of the VMC and working collaboratively with the YMCA of Greater Toronto to ensure a healthy community in Vaughan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Medhat Mahdy'.

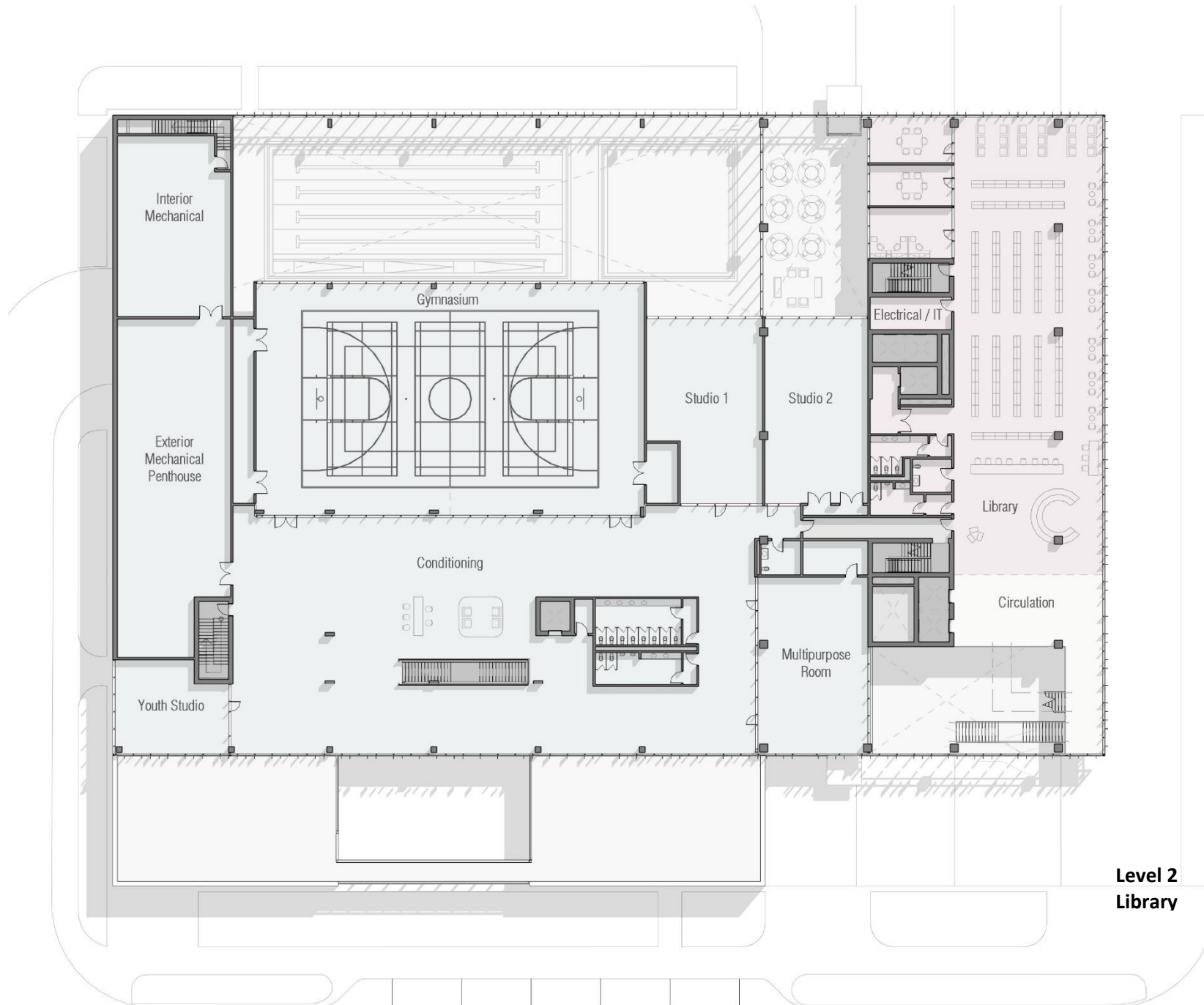
Medhat Mahdy  
President and Chief Executive Officer  
YMCA of Greater Toronto

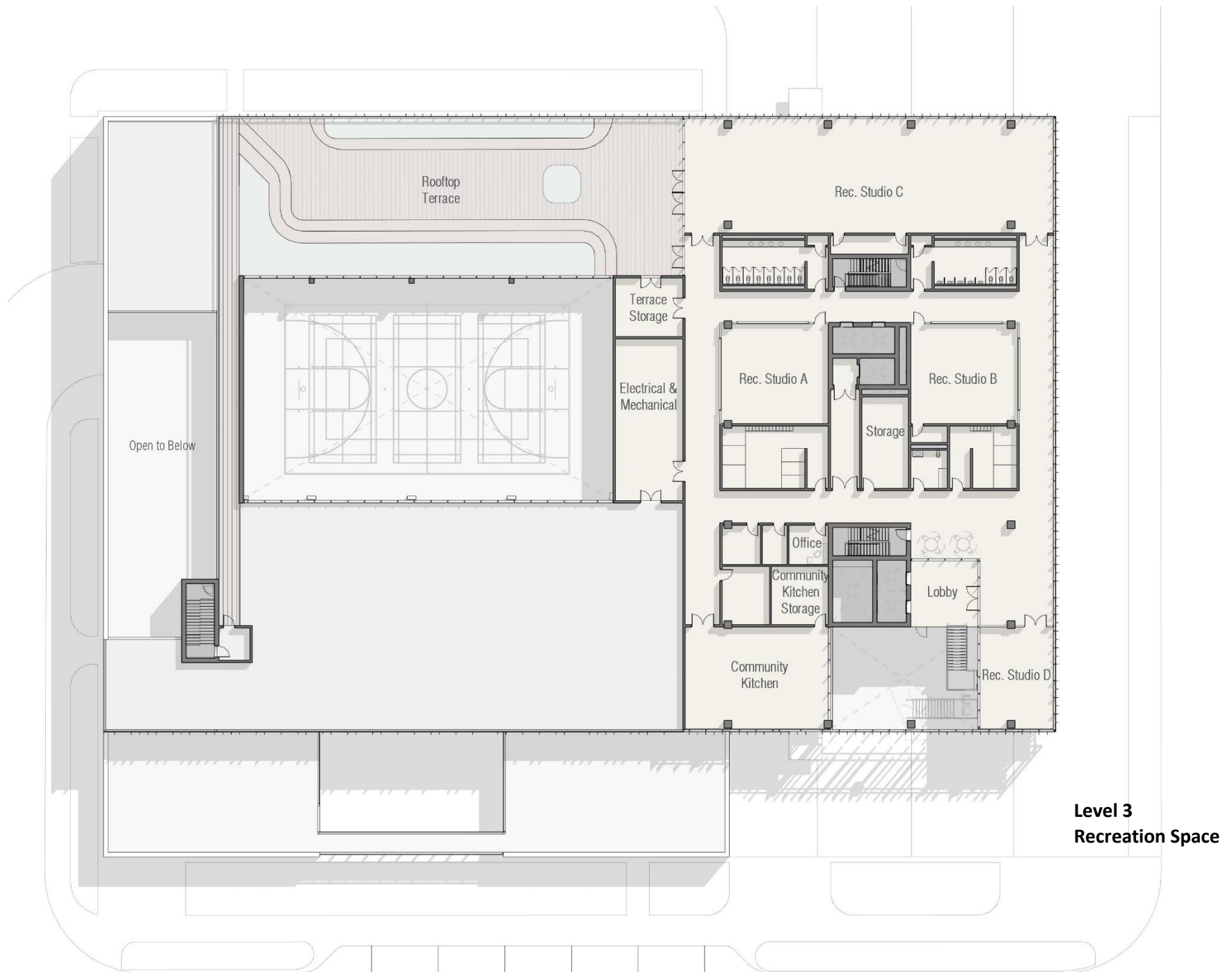


# ATTACHMENT 3



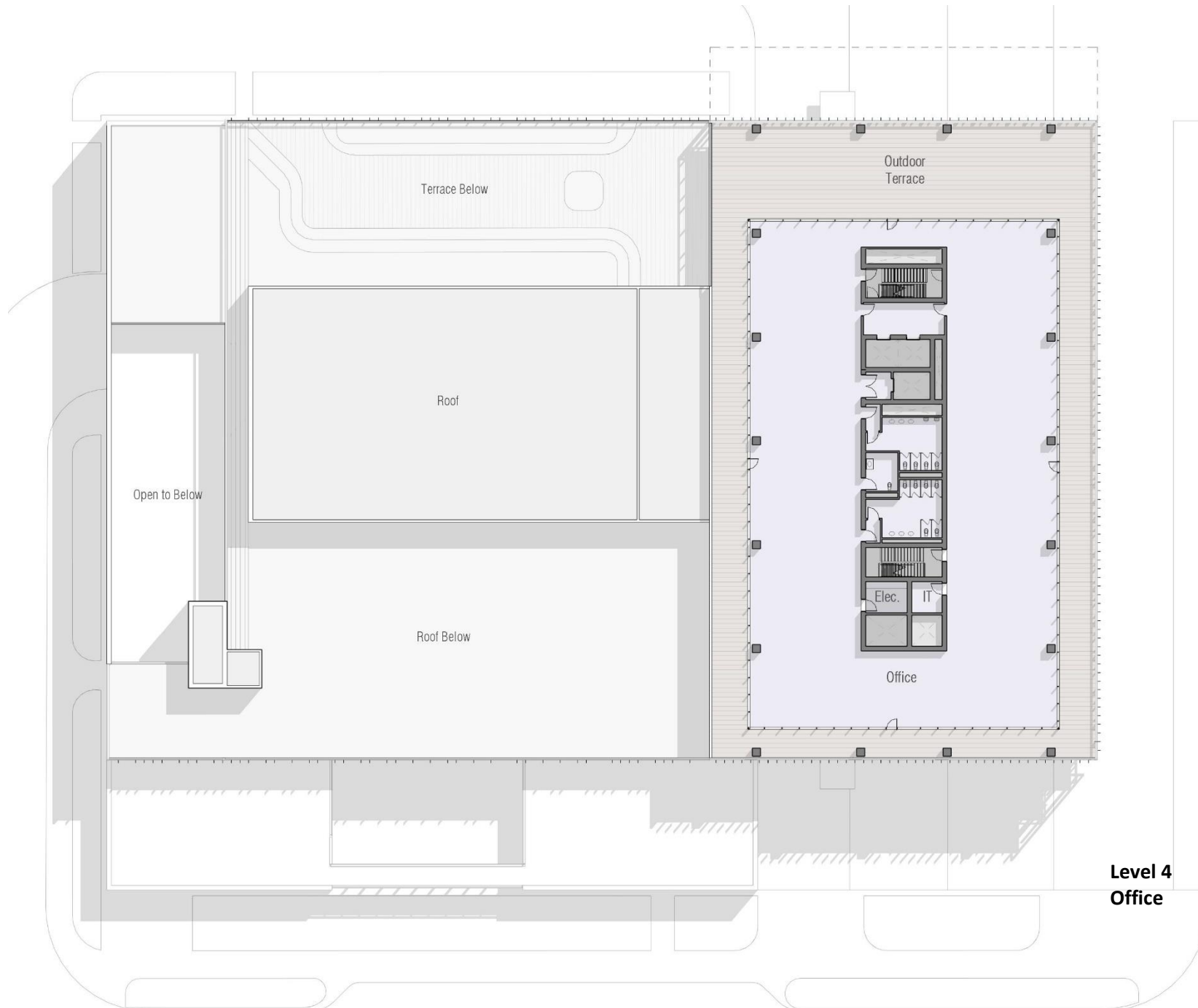




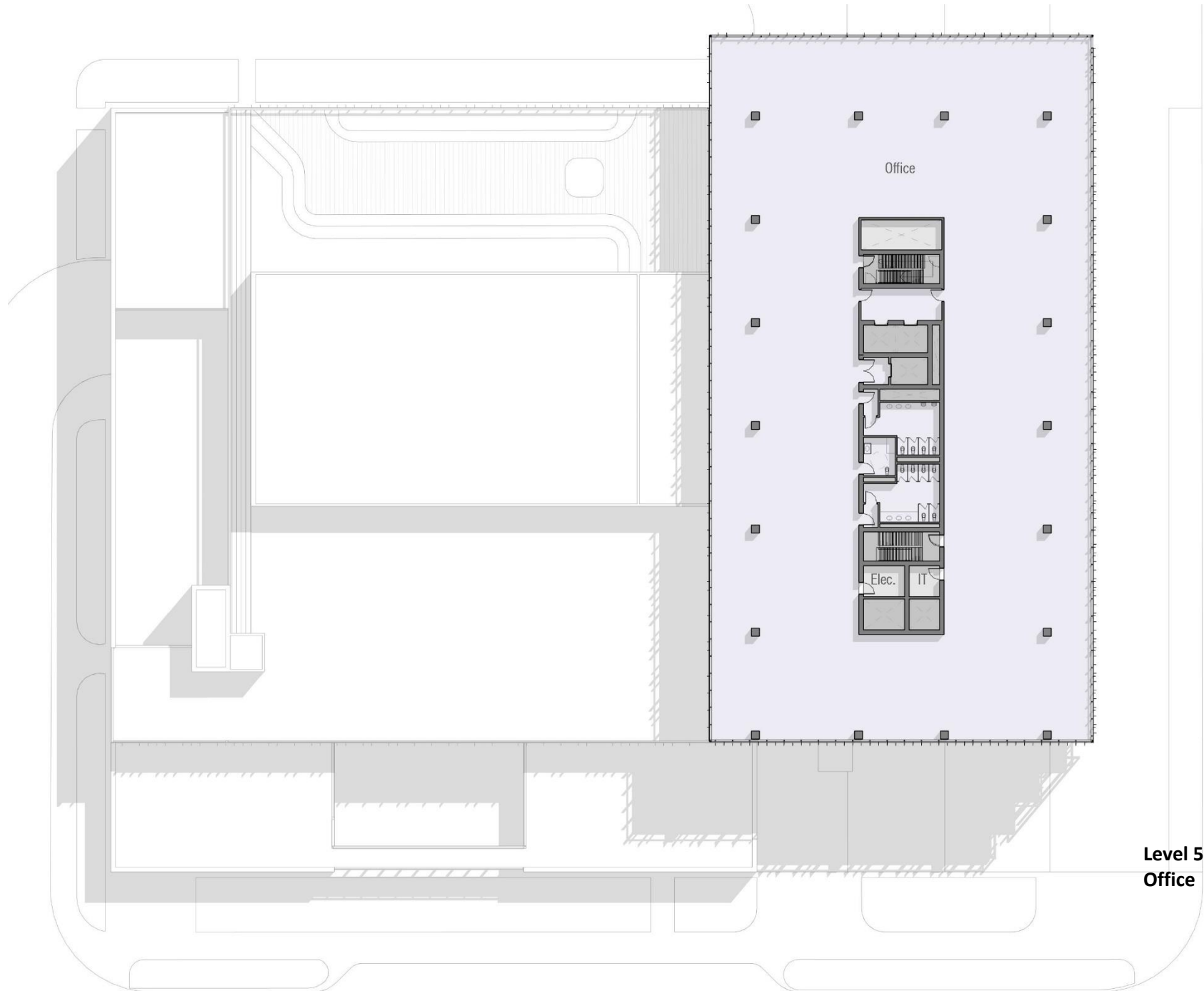


**Level 3  
Recreation Space**

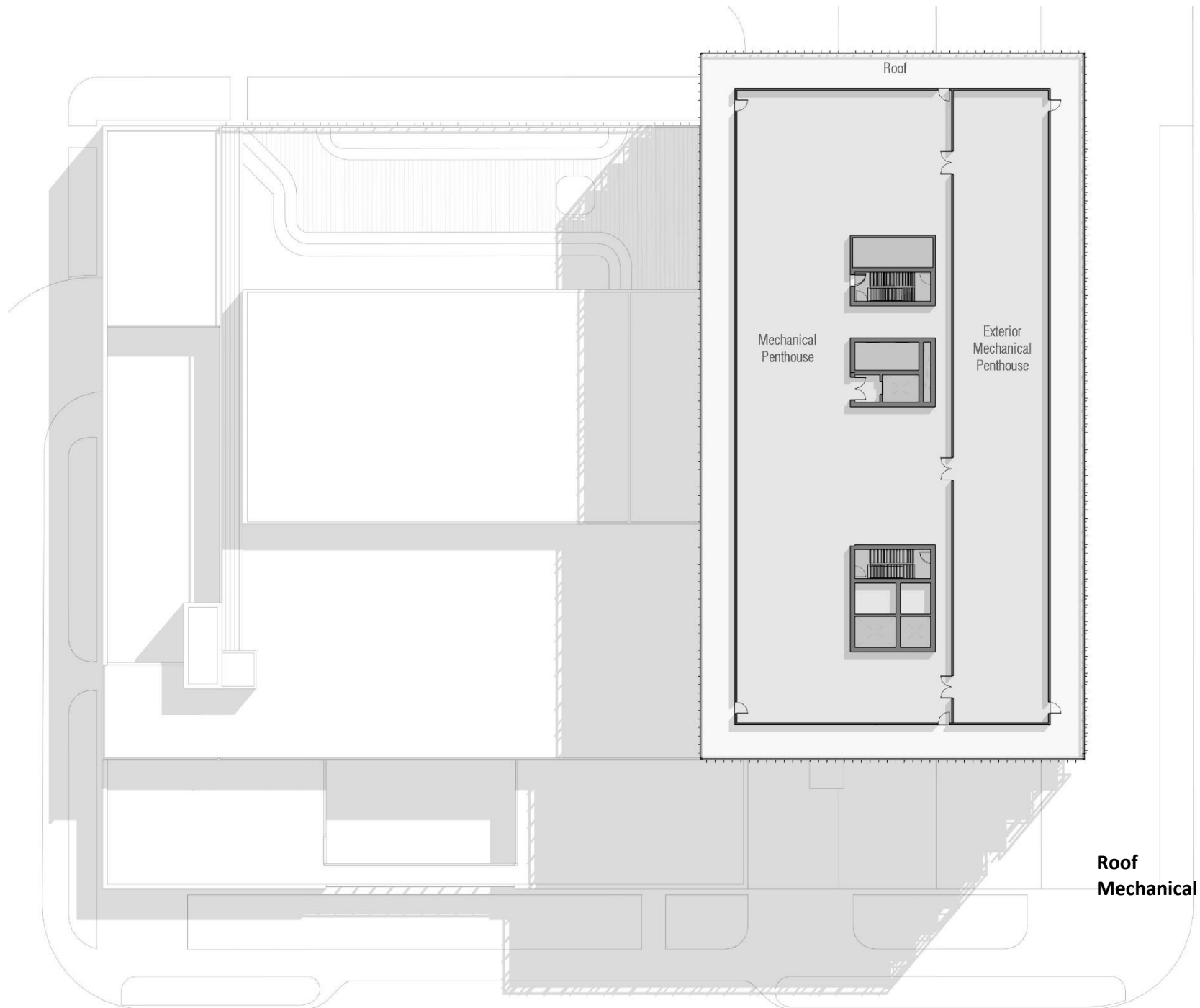
# ATTACHMENT 3



# ATTACHMENT 3



# ATTACHMENT 3





Level 3  
Recreation Space



**Level 3  
Recreation Space**



Level 2  
Library



Level 1  
Main Entry





## ATTACHMENT 4

### YMCA - Vaughan Metropolitan Centre

The following spaces and programming will be available to the community based on feedback and input:

#### YMCA Program Spaces:

25 meter pool and warm temperature training pool with moveable floor. Jointly these pools would offer:

1. Lane swimming
2. Swimming lessons
3. Aqua fitness/Aqua-Aerobics
4. Parent and tot classes
5. Free swim and family swim time
6. Lifeguard NLS courses

There are a number of program studio spaces within the facility. Program studios could include the following activities depending upon community consultation

- Yoga
- Pilates
- Dance (Barre, Arriba/Zumba, etc.)
- Bootcamp
- Cyclefit
- Kettlebell
- CardioFit
- MuscleFit

There will be a conditioning & weight room that will house:

- Weight Machines
- Free Weights
- Functional Training Equipment
- Stretching Spaces/Quiet Areas

There will be a gymnasium that will be used for a number of multi sport activities that could include depending on community need.:

- Soccer
- Basketball
- Volleyball
- Badminton
- Table Tennis



- Baseball
- Fitness classes






Within the various spaces we will offer a number of adult, family and teen programming for the community. Potentially these could include:

- Martial Arts
- Skills based sports & games programs
- Dance
- Family Yoga
- Family Gym Time
- Family Swim Time
- Youth Zone
- Teen Night
- Youth Leadership Programming
- Volunteer and Leadership Programs
- Social Clubs
- YMCA Certification Courses – Fitness, Personal Training, CPR, Cyclefit ect

# ATTACHMENT 5

## SCHEDULE E > COMMUNITY SERVICES AND CULTURAL FACILITIES

### LEGEND

- |                                                                                   |                                            |   |                                         |
|-----------------------------------------------------------------------------------|--------------------------------------------|---|-----------------------------------------|
| S                                                                                 | potential school sites                     | ● | subway entrances                        |
|  | potential multipurpose community centre    | ● | potential Hwy7 rapidway stations        |
|  | sites for community and cultural amenities | ● | potential Jane Street rapidway stations |
|  | Millway Avenue linear park                 | ✱ | see Policy 6.3.2                        |
|  | major parks and open spaces                |   |                                         |
|  | bus station                                |   |                                         |

