



City of Moose Jaw

COMMUNICATION # CC-2019-0152

TITLE: Former YMCA Building – 220 Fairford Street East
TO: City Council
FROM: Parks and Recreation Department
DATE: August 15, 2019
PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT the Lease Agreement between the City of Moose Jaw and the YMCA of Moose Jaw for the building at 220 Fairford Street East be terminated effective July 15, 2019; and

THAT a Request for Proposals be distributed in October of 2019 for the sale and development of the Natatorium and YMCA Buildings with the understanding the Natatorium be designated as a Heritage Building and the City maintains access to the outdoor pool; and

THAT the RFP state that there is no funding from the City of Moose Jaw; and

THAT water and natural gas services to the building be decommissioned until the building is sold; and further

THAT the City of Moose Jaw carry property insurance on the YMCA Building until the sale of the building occurs or further direction is provided.

TOPIC AND PURPOSE

Requesting approval from City Council to accept the termination of the Lease Agreement with the YMCA of Moose Jaw, to issue an RFP for the potential sale and development of the buildings on the site, to disconnect the water and natural gas services, and to continue carrying property insurance until the building is sold or further direction is provided.

BACKGROUND

On May 28, 2019, the YMCA of Moose Jaw announced that they would be closing their Fairford and Athabasca locations effective June 30, 2019 and that the Fairford building would be returned to the City as of July 15, 2019. This was confirmed as per the letter of

notice received by the Director of Parks and Recreation from the YMCA of Moose Jaw Interim CEO which is included as Attachment i.

The building consists of:

Room	Size	Location
Gymnasium	2350 sq/ft H: 24ft	2 nd Floor
Multi-purpose space	2115 sq/ft H: 20 ft	Basement
Conditioning Centre	5200 sq/ft 6400 sq/ft	2 nd Floor
Stretch & Group Class Space	5 multi-use studios 7440 sq/ft	Main Floor, 2 nd Floor
Change Facilities	6 change facilities 9080 sq/ft	2 nd Floor
Racquetball & Squash Courts	2 courts with viewing area and storage 1850 sq/ft	Basement
Child-minding	1162 sq/ft	Basement
Office Space	Eight offices 1194 sq/ft	All three floors
Total	38,342 sq/ft	

The following is the history regarding the lease and the relationship the YMCA has had with the City:

- Agreement struck in 1971 between the City and YMCA to construct a non-commercial athletic facility at Crescent Park, which would open in 1973.
- The YMCA was responsible for the full cost of construction and the City provided the land. Total cost was \$640,000.
- A 50-year Lease Agreement with the City became effective when the facility opened in 1973. The annual lease payment owed to the City was \$1 with the YMCA being fully responsible for all utilities, janitorial, insurance, maintenance and capital improvements. Because it was City land, there was also no municipal taxes collected on the property.
- 1971 – The City and YMCA entered into a 50-year Agreement regarding access to the Natatorium Indoor Pool and Phyllis Dewar Outdoor Pool for its members and programs. The Agreement was amended in 1981 and terminated in 1996.
- 1996 – The Natatorium Indoor Pool closed, and the pool access Agreement was re-negotiated to include access and preferred rates to the newly built Sportsplex Indoor Pool along with the Phyllis Dewar Outdoor Pool. This Agreement was twice amended in 1999 and 2002.

- 2017 – The Lease Agreement was amended to reflect the current name of the organization and new insurance requirements.

On June 17, 2019, the Parks & Recreation Department presented a report to the Strategic Directions Planning Committee and the following feedback was received as per the meeting minutes:

Meeting Discussion:

- Discussed were the options available to the vacant YMCA facilities.
- A full evaluation of the YMCA building will need to be completed.
- Evaluate the City's programming that could be operated in the facility and if there is enough community interest to run operations out of the building.
- An option is to have the building demolished.

Outcome: *The Parks and Recreation Director is to prepare a report with options for City Council to consider.*

On August 12, 2019, Administration presented an in-camera report to the Executive Committee with several options regarding the future of the YMCA. The report was considered in an in-camera session as there was information which could reasonably be expected to result in disclosure of a pending budgetary decision. The recommendations contained in this report are a result of the motion passed at the August 12, 2019 meeting.

DISCUSSION

A full analysis of the capital upgrades and equipment required for the facility is included as Attachment ii. Pictures of a recent walkthrough are also included as Attachment iii.

As indicated in Attachment ii, a significant investment would be required over the next five years to return the facility to a programmable state. It is estimated that \$885,000 would be required immediately as well as an additional \$660,000 in 1-2 years and another \$1,475,100 in 3-5 years for a total investment of \$3,020,600.

Most of the YMCA assets have been removed from the building and City maintenance staff from the Natatorium are currently conducting daily checks to ensure all systems are functioning properly and that there is no unauthorized access to the facility. The City has also taken over all utilities and the air conditioning units have been temporarily shut down.

Administration has explored several different options regarding the future of the YMCA building on Fairford and given the City's current inventory of aging facilities and budget priorities, it is felt that a large investment into this facility is not feasible at this time.

It is recommended that the City distribute an RFP in the fall of 2019 ~~RFP~~ for the sale and development of the property including the Natatorium. Should the RFP prove to be unsuccessful, the City would have to consider additional options presented in the report.

Prior to the RFP process, the City would have to determine the specific uses that would be permitted by a potential developer in Crescent Park. The RFP would also offer an option to develop only one of the two buildings and would need to ensure that the City retains access to the outdoor pool changerooms and machinal equipment in the Natatorium for the immediate future. A key part of the RFP will also be the preservation of the Natatorium as a Heritage Property. This topic would be brought forward to the Strategic Directions Planning Committee in September for further input prior to an RFP going out.

In order to reduce operating costs in 2019, it is also recommended that the building be decommissioned. The boilers and mechanical systems would be drained, and the gas and water service connections would be disconnected to reduce utility costs. Electricity would remain on for emergency purposes.

OPTIONS TO RECOMMENDATION

1. Demolish the building

A quote was obtained from a professional demolition company for budgeting purposes and was provided to the Executive Committee. It included the demolition of the YMCA building and asbestos remediation while leaving the Natatorium and surrounding trees intact. Removal includes foundations, slabs and sidewalks and the site would be back filled and levelled with clean fill dirt. The contractor would also supply temporary fencing, permits, traffic control and signage. All debris would be disposed of in the City of Moose Jaw landfill and all recyclable concrete with rebar removed would be delivered to the concrete recycle yard.

It is also important to note that if the building goes to demolition, the City can sell or re-purpose some of the remaining equipment in the building. There are two large rooftop air handling units with heating and cooling packages that are in relatively good condition that could possibly be sold. There is also a smaller condensing unit located to the north of facility in very good condition. The Parks & Recreation Department would explore keeping this unit for one of our existing facilities. A boiler heat exchanger was also just replaced on warranty and has not been re-connected so that it could easily be re-purposed or sold if required. There are also items such as the lockers which may have some value.

This option was not recommended as there could be an option to sell and develop the property so that the City does not incur additional costs.

2. Distribute an RFP in search of a long-term tenant

The City can initiate discussions with community organizations by distributing an RFP in search of an organization willing to take over the operation of the building for their programming purposes. Similar to the Hillcrest Sports Centre, the building may be leased on an "as is" basis and the lessee would be responsible for Capital Investments based on their intended use of the facility.

This was not recommended as it is only a short-term solution due to the significant amount of work required to upgrade the facility.

The other option for a lease would be if the City completed the upgrades and then leased out the facility at commercial rates to recover the investment costs.

This option was not recommended due to the initial investment that would be required. It would also take approximately 8-10 years to recover the costs and it is not guaranteed that the City would find a tenant.

3. The Parks and Recreation Department takes over the operation and programming of the facility.

The final option would be to have the Parks & Recreation Department operate and program the facility. The YMCA building contains four core areas that could be used for Recreation Programs. These programs would complement the current Community Association programs that occur in local schools under the Joint Use Agreement. Having access to a gymnasium during the daytime and afterschool hours would increase programming options. Opportunities in the gymnasium include expansion of the sports-based activities and active living programming such as floor hockey, volleyball, kindergym and basketball. The basement area would provide space for the expansion of Tae Kwon Do and Fitness Classes. Expansion of arts and craft classes along with dance classes could occur on main floor program space. Finally, the racquet ball courts could remain open and be used as indoor pickleball courts. The building would allow for the expansion of approximately 25 new programs however these programs are cost recovery. The revenue would not contribute to the required capital upgrades or utility costs associated with the building therefore an initial Capital investment and ongoing operating investments would be required.

Utilizing the building to add another fitness centre location for the City of Moose Jaw would be an option which may lead to increased Recreation Pass membership sales; however, a significant renovation and capital investment would be required. All the previous assets that existed at the YMCA fitness centre have been auctioned including the rubber matting on the floor. Estimates on the renovation of the fitness centre and equipment purchase is \$155,800. An additional \$95,000 would also be required for staffing.

Operating the building would provide the opportunity to rent space to users. Meeting rooms, special events and gymnasium rentals could be provided. This again would require significant renovations and equipment investments. The revenues from rentals would be cost recovery and contribute to the equipment investment and facility operating costs however they would not contribute to the renovations required.

This option was not recommended due to the large investment required into a 46-year-old facility.

PUBLIC AND/OR STAKEHOLDER INVOLVEMENT

The public and potential stakeholders have not been consulted regarding the recommendation.

COMMUNICATION PLAN

The RFP would be advertised as per direction provided in the City of Moose Jaw Purchasing Policy.

STRATEGIC PLAN

This report supports the long-term strategy for sustainable community growth as the recommendation assists with keeping services affordable by limiting the potential long-term costs required for this aging facility.

FINANCIAL IMPLICATIONS

It is unknown how much revenue the City would receive through the sale and development of the property.

OTHER CONSIDERATIONS/IMPLICATIONS

There is no policy or privacy implications, official community plan implementation strategies or other considerations.

PUBLIC NOTICE

Public Notice is not required.

PRESENTATION

VERBAL: The Director of Parks and Recreation will provide a verbal presentation and will be available to answer any questions regarding the report.

ATTACHMENTS

- i. YMCA Letter of Notice
- ii. YMCA Building Restoration Costs
- iii. July 24, 2019 - Pictures of the YMCA Building

REPORT APPROVAL

Written by: Derek Blais, Director of Parks & Recreation

Reviewed by: Tracy Wittke, Assistant City Clerk

Approved by: Jim Puffalt, City Manager

City Manager Comments:

Concur, as there has been some commercial interest expressed in this property as well as company seeking to provide the type of expanded programming that the Parks & Recreation Director notes that the City might be able to complete in that property.

Any expression of interest has been advised that the property would be a long-term lease as Crescent Park is an integral amenity with a strong personal attachment by many residents. The City must retain ownership of the land and that the Natatorium section is a Municipal Heritage Property.

The price to demolish is believed to be a reasonable cost for that size of building if necessary.

To be completed by the Clerk's Department only.

Presented to Regular Council or Executive Committee on _____.

No. _____ Resolution No. _____

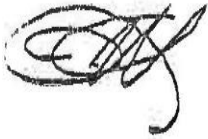
Report Approval Details

Document Title:	Former YMCA Building – 220 Fairford Street East - CC-2019-0152.docx
Attachments:	- Notice to City of Moose Jaw.docx - YMCA Building - Capital Upgrades.pdf - July 24, 2019 Pictures.pdf
Final Approval Date:	Aug 20, 2019

This report and all of its attachments were approved and signed as outlined below:



Tracy Wittke - Aug 16, 2019 - 9:37 AM



Jim Puffalt - Aug 19, 2019 - 9:57 PM



Fraser Tolmie - Aug 20, 2019 - 11:22 AM