

REPORT

Engineering Services

To: Mayor Johnstone and Members of Council, Regular Council Meeting **Date:** June 12, 2023

From: Lisa Leblanc
Director of Engineering **File:** 05.1035.10
(Doc#2296878)

Item #: 2023-393

Subject: Massey Theatre Renovation - Scope, Schedule and Budget

RECOMMENDATION

THAT Council approve the recommended scope of work, schedule and estimated costs to completion for the renovation of the Massey Theatre described herein; and

THAT Council direct staff to bring back, as a Quarterly adjustment, a \$6.0M increase to the MTS Capital Plan, funded from the Provincial Growing Communities Fund.

PURPOSE

To present the findings of the Massey Theatre Renovation (MTR) project pre-design phase and seek Council's endorsement of the recommended project scope, schedule and estimated costs to completion, as described in this report and its attachment, noting that a project funding shortfall of approximately six million dollars (\$6M) is identified and will need to be reconciled in order to deliver the full recommended scope.

BACKGROUND

The Massey Theatre Renovation project has been contemplated for many years, with dozens of reports to Council having been provided since 2015. At minimum, Council is encouraged to read the report to Closed Council on July 11, 2022 and the report to Regular Council on August 29, 2022, for the most recent summary of the work that has provided staff with the direction that has led to the present report and recommendations for Council's consideration. The regular council report is provided as Attachment 1, for ease of reference. A very brief summary of the background and financial context is provided below.

In September 2015, an Agreement-in-Principle was struck with the Provincial Government and the School District regarding City ownership of the existing Massey Theatre. A variety of facility feasibility studies, with incremental information reports and recommendations to Council, have been undertaken since that time, which considered different renovation and budget scenarios.

In 2019, Council approved the 2020-2024 Five Year Financial Plan, which estimated approximately \$22M to deliver the minimum viable option (MVO) scope and was contingent on receiving grant funding. The MVO at that time was defined through a value engineering process that sought to advance only the most critical renovation scope items, recognizing the limited project budget.

In November 2021, the City assumed ownership of the Massey Theatre Complex and surrounding land and signed a 25-year lease agreement with MTS to operate the Theatre and ancillary spaces. It was at this time, following the land transfer, that the City gained full access to the complex, enabling more detailed building investigations.

As the original intention had been to demolish the complex as part of the New Westminster Secondary School replacement project, the previous owners had deferred a number of ongoing maintenance items. The objective of the MTR project is to provide a minimum level of base building renovation to improve BC Building Code conformance in the areas of life safety, structural integrity and accessibility, in order to support a targeted 25-year service life for the facility. The scope of work needed to achieve this objective is referred to throughout this report as the “minimum viable option” (MVO).

Theatre Strategy

In December 2019, Council approved the City’s Theatre Strategy, which recognized the opportunity for the City to capitalize on its theatre assets to support creativity, livability, innovation and cultural development. The Strategy was the result of extensive community consultation that began in 2017 during the process of developing the overarching Arts Strategy.

The Theatre Strategy recognized the potential of the Massey Theatre to grow into an Arts Complex and inclusive community gathering space, supporting a wide range of cultural, artistic and social needs. It identified MTS as a key partner for the City, allowing them to continue to expand their role as a leader in local performing arts development for the benefit of the community. MTS now operates and manages the theatre on behalf of the City and, through shared investment, are advancing a series of specialized tenant improvements to enhance the facility alongside the MTR project.

Minimum Viable Option Scope

In 2015, a MVO scope of work was established, which identified building upgrades necessary to keep the building safe, operational, and to provide a more inclusive space for performers, employees and others who would access the building. Building assessments of the North Wing, including the large gymnasium and supporting spaces, were not investigated in detail because the intention was to remove them. Additionally,

climate action mitigation strategies, such as energy and emissions reduction opportunities were not considered, as the MVO scope pre-dates the Climate Emergency Declaration of 2019. A summary of the original 2015 MVO scope is included in Attachment 1, as an attachment to the August 29, 2022 report to Council.

Financial Context and Direction from Council to Develop MVO Scope

The 2015 MVO renovation costs were estimated and approved by Council as a Capital Plan amount of \$9.5M with an assumption that the City would receive a Provincial Government contribution of \$1.19 million for the demolition of the North Wing and reconstruction of a new exterior wall. However, as time has passed, construction costs have escalated, the building has continued to age, and the City and design team have learned more about the condition of the entire complex. All of this has occurred while funding sources have been reduced, including the anticipated contribution from the Provincial Government to help fund the demolition of the North Wing and reconstruction of the new exterior wall.

In February 2022, Council approved the 2022-2026 Five Year Financial Plan with a reduced funding envelope to deliver the MVO scope, because no third party funding had been received. The 5 year Financial Plan included \$14.1m for the Massey Theatre Renovation project. Further to this, both costs of construction and debt financing costs had grown following the pandemic, which was putting significant strain on the City's financial position.

In July 2022, staff informed Council in Closed session that the high level cost estimates for the MVO were in the order of \$20M, indicating a potential funding pressure of \$6M. In response, Council directed staff to continue with development a detailed scope of work, schedule and budget for the MTR project.

On March 3, 2023, the Province announced that the City of New Westminster would receive \$15.85M from the Growing Communities Fund, to help prioritize local infrastructure and amenities projects, including projects such as supporting affordable housing, upgrading water management facilities and building recreation centres.

Grants were distributed using a formula that incorporates an initial \$500,000 per municipality or district, and further adjustments for population size and per-capita population growth between 2016 and 2021, based on BC Stats data. This method considers the impacts of service and amenity demands on smaller and rural communities and the additional pressures experienced by faster-growing communities. Grants were distributed to local governments at the end of March 2023.

ANALYSIS

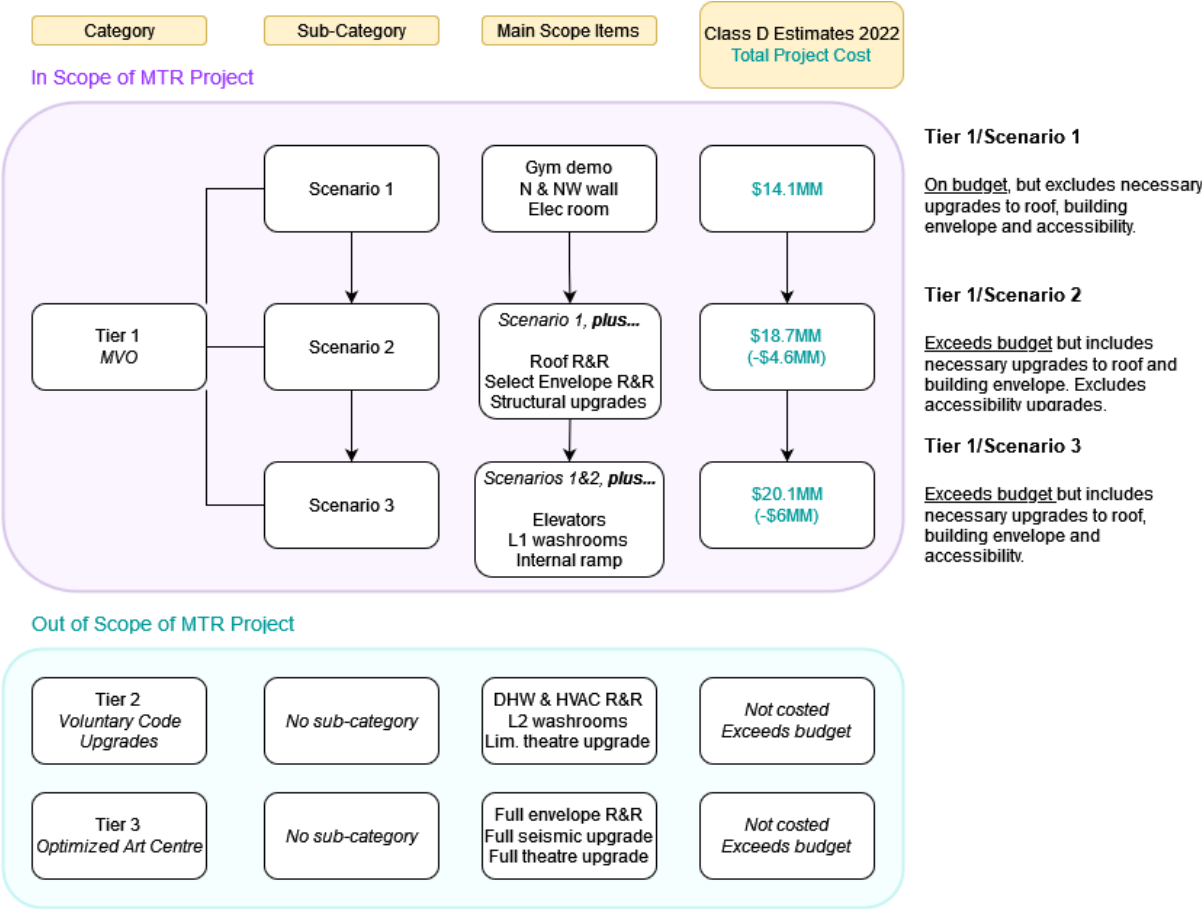
In an August 29, 2022 Report to Council, staff were directed to advance a work plan which was to include an update and refinement of the building investigations and development of an updated project scope, which was to remain within the \$14.1M funding that was included in the 2022-2026 Financial Plan. The building investigation and scope definition

work has now been completed as part of the pre-design phase of the project and is the subject of the present report. The recommendation in this report is based on the Pre-Design Phase Summary Report provided in Attachment 2. This work has helped to better define the final scope possible within the current approved 2022-2026 5 Year Financial Plan Bylaw amount of \$14.1M, which would be fully funded from the City’s Facility Reserve fund. It has also helped define the minimum amount of work required to ensure the building is safe and viable for its intended purpose.

One of the major constraints for this project is the availability of funding for building improvements that support the achievement of the full vision for the facility as outlined in the Theatre Strategy. The focus of this report is strictly on the MVO, and does not include the other facility improvements and upgrades that are required to achieve the full vision for the facility.

The recommended scope represents the minimum amount of work necessary to achieve the project objectives and is estimated to exceed the available project budget of \$14.1 million by \$6 million. The total estimated cost to renovate the facility to the required MVO level is \$20.1 million.

A breakdown of the MVO Tier 1-Scenarios 1, 2 & 3 evaluated as part of the pre-design phase is provided below.



Key Tier 1-Scenario 3 scope items include:

- North Wing demolition & hazmat abatement, including large gymnasium
- New north wall reinstatement and service room additions
- New electrical distribution equipment and electrical room
- Roof replacement, including structural upgrades for seismic resistance
- Selected exterior wall, window and door repair, conversion & upgrade
- New fire panel and fire department connection
- New 4-stop elevator and stairs for patron use
- New 2-stop elevator at back-of-house for performer use
- New handicap accessible ramp at front-of-house for patron use
- New gender neutral and universal washrooms at L1 for patron use
- New parking lot in place of former North Wing.

The project team did not cost Tiers 2 & 3 as part of the MTR project because they were determined to be outside the MVO project scope and budget. They represent relevant, but less time-critical scope items, and would need to be funded in future phases of the MTR project.

Accessibility

As a building constructed before modern accessibility standards, significant barriers to universal accessibility exist within the general circulation, program and support spaces of the existing building. In particular, backstage areas, dressing rooms, auditorium balcony, and Level 2 meeting rooms are not fully accessible to users with accessibility challenges.

A summary of issues and solutions delivered by the MVO is provided below:

- (1) **Issue:** no access to every floor for public or staff without the use of stairs.
Solution: new 4 stop elevator at north wall addresses this issue. Staff and public will be able to access all four levels of the facility using the new elevator.
- (2) **Issue:** no access to band rooms (Studios 1A and 1B) without the use of stairs.
Solution: staff and public will be able to use the new internal ramp to access Studios 1A and 1B from near the main entrance in the lobby.
- (3) **Issue:** no direct access from backstage to main stage (especially from lower level dressing rooms). *Solution:* performers will be able to use the new 2 stop backstage elevator to access the main stage from lower levels.
- (4) **Issue:** washrooms do not meet accessibility or City inclusivity standards.
Solution: existing washrooms on Level 1 will be converted to gender neutral and universal design washrooms. Five additional stalls will be created.

The MVO will address the major accessibility issues within the facility that require significant building intervention. However, the MVO will not address all known accessibility issues identified in previous facility studies. A summary of MVO accessibility exclusions is provided below:

- (1) Excluded: provide viewing platforms suitable for wheelchair access in the main auditorium.
- (2) Excluded: replace all non-compliant handrails, guards, stair nosings, tactile warnings throughout whole facility.
- (3) Excluded: replace 2 stop stair climber (Garaventa Lift).
- (4) Excluded: upgrade all washrooms on all levels to universal design type.

Subject to available funding, it is intended for the MVO exclusions above to be picked up in future stages of the MTR project, along with other accessibility issues that have not yet been formally identified.

To date, a comprehensive, facility-wide accessibility and universal design assessment has not been undertaken. In 2017, based on a recommendation from the Access Ability Advisory Committee, Council passed a resolution to undertake a comprehensive universal design review and prepare an associated funding plan as a component of the MTR project.

Accordingly, a third-party study aligned with the Rick Hansen Foundation will be undertaken in Phase 2 of the MTR project. The study will identify accessibility deficiencies of the existing facility and propose corresponding upgrades. The study's findings will inform the design details of the MVO, such as the design of new elevators and stairs, wayfinding signage and colour schemes, and design of universal washrooms on Level 1.

For accessibility deficiencies beyond the scope of the MVO, the third-party universal design study will lay the basis for potential implementation of additional upgrades throughout the facility to address these deficiencies at a future date, subject to available funding. It will also assist in the preparation of third-party funding applications for the required upgrades, if needed.

Third party funding opportunities for accessibility, such as the Federal Enabling Accessibility Fund, have been identified but not confirmed at this stage. Project eligibility, including roles of MTS and the City, will be further investigated in Phase 2 of the MTR project.

Detailed background and scope analysis information is provided in the Pre-Design Phase Summary Report, which is available in Attachment 2.

Structural Seismic Resistance

Based on a structural assessment performed in 2015, the expected seismic resistance performance of the existing building is very poor, particularly in the north-south and east-west directions. The building is considered high risk with an effective seismic resistance of less than 20% of current Building Code levels.

The MVO responds to this issue with moderate structural upgrades, including localized seismic resistance upgrades, aimed at achieving a 25 year service life of the facility.

Seismic resistance upgrades include:

- (1) Roof. This is a major step in the right direction and reduces cost of a full seismic retrofit in the future. The MVO includes adding joist members and plywood sheathing diaphragms with seismic nailing pattern.
- (2) Exterior walls: construct new north and northwest walls to modern standards; add plywood shear walls in deficient locations at west and south-west elevations where building envelope is being replaced.

These localized seismic improvements are meaningful steps in the right direction that were developed to go hand-in-hand with other related scopes of work, such as roof replacement and selected building envelope repair and replacement. However, as they depend on these other scopes of work, they are similarly constrained by them. For example, the limited extent of the selected building envelope repair and replacement work limits the number of locations the exterior wall system can be simultaneously upgraded for seismic resistance.

Significant seismic exclusions of the MVO are summarized below:

- (1) Excluded: foundation upgrades, including micro piles.
- (2) Excluded: new plywood shearwalls around all four elevations of the building.
- (3) Excluded: new concrete shearwalls.
- (4) Excluded: reinforcing existing unreinforced masonry walls, particularly in main theatre and fly tower.
- (5) Excluded: steel drag struts, particularly in main theatre and fly tower.
- (6) Excluded: fibre-reinforced polymer strengthening of existing walls, particularly in the main theatre and fly tower.

The MVO does not address the seismic deficiencies in the main theatre or fly tower. Addressing these deficiencies is required to impactfully “move the needle” on overall seismic compliance, and would only be addressed with a full seismic retrofit of the

building, which would target seismic resistance of at least 60% of Building Code levels, or a 10% in 50 year hazard, given the targeted 25 year service life of the building.

A full seismic retrofit would require major upgrades to all four sides and levels of the theatre and fly tower, including full building envelope replacement, micro piles and foundation upgrades. As it would bring a significant additional cost that is beyond the project budget, a full seismic retrofit is contemplated in Tier 3 – Optimized Art Centre, to be contemplated in a future project stage subject to funding availability.

NEXT STEPS

The following table represents next steps as they are understood at the end of the pre-design phase. It is subject to change once the revised MVO scope is approved and a detailed design and construction implementation plan is developed and coordinated with the MTS (subject to approval by Council). Phased construction implementation to work around MTS operations will bring additional schedule and cost impacts which require further evaluation in the design development phase (subject to approval by Council).

Phase 1.2 Project Planning & Pre-Design	Jun 2022 – Jun 2023
Council Decision – Revised MVO Scope, Draft Finance Strategy & Approval to Proceed	Jun 12 2023
Phase 1.3 Concept Design	May – Jun 2023
Develop a Concept Design Package	May 2023
Develop Finance Strategy*	May – Jun 2023
Stage Gate 3 – Sponsor Sign-Off	Jun 2023
Phase 2 Schematic Design & Design Development	Jun – Dec 2023
Phase 3 Construction Documents	Dec 2023 – Mar 2024
Phase 4 Construction – Phased †	Mar 2024 – Dec 2025 †
Phase 5 CNW & MTS Handover †	Dec 2025 †

*Third-party funding application timeframes not included
† Durations dependent on approved MVO scope and approved phased construction plan. Phasing plan subject to approval by Council.

SUSTAINABILITY IMPLICATIONS

The following pertinent City policies relating to sustainability were considered during the pre-design phase:

- Green Building Policy – September 2021
- Efficient Equipment Selection Policy – September 2021

In response to the City’s Climate Emergency Declaration, these policies were updated and adopted in 2021 to support the alignment of facility capital projects and upgrades with the City’s Corporate Energy and Emissions Reduction Strategy (CEERS) and the Seven

Bold Steps. In order to meet mandated corporate emission reduction targets, the City's Civic Buildings portfolio must reduce its carbon emissions 50% by 2030 (from 2010 baseline) while striving to surpass this goal and achieve net zero emissions by 2030 (Bold Step #1).

Electricity and natural gas consumption data for 2022 (baseline year) shows that the Massey Theatre Facility's total energy use and resulting greenhouse gas emissions are 6,622GJ and 302 tonnes respectively, which is 65% higher than the estimated annual emissions included in CEERS. In addition, projected energy consumptions and emissions for 2023, based on Q1 actuals, are increasing as MTS expands programming activities and continues to recover from COVID-era restrictions. **In short, the acquisition of Massey Theatre has pushed the City off its projected target of reaching 50% reduction in the building portfolio overall.**

The MVO scope was first conceived prior to the City declaring a Climate Emergency, and sustainability was not a primary goal. The scope defined by the MVO represents a start on the "multi-phase journey" of the Massey Theatre's renovation, addressing basic building safety and functionality upgrades as a first priority. The MVO would not qualify for LEED Gold certification based on the current scope, nor would it qualify for CaGBC's Zero Carbon Building Standard, and therefore will not achieve the objectives of the Green Building policy.

The Green Building Policy has flexibility to allow for projects to proceed in compliance *without* obtaining the certification that can add administrative cost pressure to the project budget, however, the project scope would need to generally align with the requirements of certification, which is not the case here. Despite the envelope being proposed to be improved in some areas, the effectiveness of partial improvements to the overall envelope will have limited impact on the whole building energy consumption. Additionally, retaining the existing HVAC and domestic hot water equipment will result in continued high energy consumption, and related operating costs, and high carbon emission levels from the facility.

The MVO will make indirect improvements to sustainability through the following areas:

- (1) Provision of thermal upgrades, such as significantly improved roof and some exterior wall assemblies, including increased insulation.
- (2) Use of healthy building materials (low VOC).
- (3) Construction waste management and planning, including waste material recycling.
- (4) Use of efficient plumbing fixtures in the new washrooms.
- (5) Use of efficient electrical distribution equipment and fixtures.
- (6) Removal of the North Wing and its compromised roof and building envelope is also expected to contribute to a reduction in energy intensity (GJ/m²) due to reducing overall building volume being serviced.

Third-party energy performance models and/or LEED sustainability studies will be conducted as part of Phase 2 work. While the studies won't improve sustainability

performance, they will provide valuable information on how the MVO is expected to perform in terms of energy consumption, carbon pollution emissions, as well as confirm barriers to reaching LEED Gold or Zero Carbon Building Standard certification.

Currently, the LEED Minimum Program Requirements mandate that a ‘LEED project should include the entire building and the complete scope of work’. The primary obstacle to including the entire building and scope of work is cost and cannot be accommodated by the project budget. Due to the scale of additional cost, pursuit of LEED Gold certification would represent a new project with different objectives, with a significantly higher price tag than the MVO currently proposed.

Third party energy/sustainability funding opportunities (not associated with LEED or Zero Carbon Building Standard) have been identified, but not confirmed at this stage. Project eligibility, including application requirements and timeframes, will be investigated in Phase 2.

If aligned funding opportunities are confirmed, the required undefined upgrades and costs could be scoped, budgeted and implemented in future building upgrade projects. They would not be advanced as part of the MVO. Such projects require extensive, prolonged and disruptive intervention throughout the whole occupied building, which presents additional challenges when trying to allow for continuous operation as a theatre. Alternate opportunities to reduce energy consumption and meet net zero emissions will be investigated following energy performance modelling.

CITY POLICY VARIANCE

Variance from the Public Art Policy and Green Building Policy will be required in the recommended MVO Tier 1-Scenario 3 scope scenario. Compliance with the Public Art Policy will be considered as part of a future phase of the MTR project, such as Tier 3 Optimized Art Centre. The baseline energy study to be undertaken in Phase 2 will help to identify future potential facility upgrades to align building performance with the emission reduction targets set out in the Climate Emergency Declaration, although the technical and financial implications associated with undertaking future upgrades are likely to be significant.

FINANCIAL IMPLICATIONS

The 2022-2026 Approved Five Year Financial Plan includes \$14.1 million for the Massey Theatre Renovations Project, to be funded from the City’s Facility Reserves.

If Council were to approve the recommended scope – Tier 1-Scenario 3 – at an estimated cost of \$20.1M, staff would need to grow the existing plan by \$6.0M, which includes project contingency of \$2.9M (14%), including soft and hard costs, and cost escalation contingency.

On March 3, 2023, the City of New Westminster received \$15.85M to help prioritize local infrastructure and amenities projects, including supporting affordable housing, upgrading

utility infrastructure, and building recreation centres. To date, that funding has not been applied to any of the projects within the existing Capital Plan. Council could decide to allocate \$6.0M from this new funding and itemize the critical accessibility and washroom upgrades as a report-out on how the funding was utilized. This approach is what staff recommends.

Finalizing and moving forward with a revised MVO scope as defined by Tier 1-Scenario 3 is critical to avoid the growing financial risk, such as cost escalation of approximately 9% per annum.

Staff have developed **3 Funding Options** for Council to consider should Council approve the increase of the Massey Theatre Budget by \$6.0M:

Funding Option 1 - \$6M from the Growing Community Funds. This will avoid reducing priority projects that staff are actively working on, which Council approved for the 2023 Budget in May.

Funding Option 2 - \$3M from Growing Community Funds and \$3M from the reprioritization or deferral of the following projects that have not been contractually committed and are not tied to third-party funding:

- a. BU 11130 – Street Lighting Improvements \$0.9M
- b. BU 11754 – Walking Infrastructure Improvements \$0.7M
- c. BU 12513 – Affordable Housing Development \$0.5M
- d. BU 12413 – replace Hume Park Tennis Courts \$0.5M
- e. BU 12415 – replace Field Light Sapperton Park \$0.4M

Funding Option 3 - \$6M from the reprioritization or deferral of the following projects that have not been contractually committed and are not tied to any third-party funding:

- a. BU 11130 – Street Lighting Improvements \$0.9M
- b. BU 11754 – Walking Infrastructure Improvements \$0.7M
- c. BU 12513 – Affordable Housing Development \$0.5M
- d. Bu 11765 – Pavement Management/All Roads & Lane \$1.5M
- e. BU 12151 – 4th Street Feature Stairway \$1.5M
- f. BU 12413 – replace Hume Park Tennis Courts \$0.5M
- g. BU 12415 – replace Field Light Sapperton Park \$0.4M

Staff recommend Funding Option 1 as there are **significant risks** in delaying or pausing the work from the 2023 Council Approved Multi-Year Budget. Staff resources have been assigned to the projects listed in Funding Options 2 & 3 and in most cases, have advanced the work to the design stage, and are preparing to commit to the works contractually. Some risks associated with deferring or pausing the projects include:

- The postponement of critical asset management replacements,

- Continued public safety risks on our transportation networks,
- Continued challenges to the Downtown area (Downtown Livability),
- A retreat from advancing councils strategic priorities,
- Reassignment of staff workplans and resources with associated loss of efficiency and staff morale, and
- The inability to support affordable housing projects requesting City funding to leverage senior government funding.

MTS and City staff will need to consider and calculate the operational impacts, both efficiency gains and net new operational costs from an upgraded facility to responsibly plan, maintain, insure and amortize for the longer-term and future upgrades. This will help build for future financial resiliency and long-range planning when replacements and/or major upgrades are required.

With respect to maintenance and operational costs associated with the facility, the City currently has an annual operating budget of \$400,000 for routine maintenance and operational costs; staff continue to gain experience with the building and assess actual costs. The 2023 Q1 Budget review shows that spending is tracking ahead of forecast for the year in the areas of utility consumption and unscheduled maintenance. Should the operating budget for the facility be determined to be insufficient, an enhancement request will be advanced as part of forthcoming quarterly and annual budget processes. In addition, there is currently no capital budget allocated for routine Facility Upgrades, which all buildings require. Again, staff continue to learn about the building and assess ongoing and anticipated needs, and anticipate an additional capital budget to address ongoing minor capital repairs. Given the scale, complexity and age of the Massey Theatre, it is anticipated that ongoing facility upgrade costs could be in the order of tens of thousands of dollars per year. These investigations will be undertaken in collaboration with MTS, and cost-sharing from third parties will be sought to offset costs where possible.

Beyond funding Tier 1-Scenario 3, long-range funding strategies will be required if the Massey Theatre Renovation Capital Plan needs to increase to meet the scope scenarios described by Tier 2 Voluntary Code Upgrades and Tier 3 Optimized Art Centre (not currently considered within the scope of the MTR project), or to meet the City's Climate Emergency Declaration emission reduction targets.

INTERDEPARTMENTAL LIAISON

This report has been prepared with input from the Finance Department, CAPD and Office of the CAO (Community Arts and Theatre).

OPTIONS

The following options are presented for consideration:

1. THAT Council approves the recommended scope of work, schedule and budget for the renovation of the Massey Theatre described herein;
2. THAT Council direct staff to bring back, as a Quarterly adjustment, a \$6.0M increase to the MTS Capital Plan, funded from the Provincial Growing Communities Fund.
3. THAT Council provide different direction to staff.

Staff recommends Options 1 and 2.

CONCLUSION

The pre-design phase summary report confirms that the MVO Tier 1-Scenario 3 is the only option that reasonably achieves the project objectives of improving building envelope performance, life safety, structural integrity and accessibility aimed at achieving a 25-year service life of the facility.

City staff recommend using Provincial community grant funding to meet the additional cost of approximately \$6 million.

ATTACHMENTS

Attachment 1 - August 29 2022 report to Regular Council – Massey Theatre Renovation Update

Attachment 2 - Phase 1 Pre-Design Phase Summary Report

APPROVALS

This report was prepared by:

Alexander Godfrey, Consultant Senior Project Manager, Turnbull Construction Project Managers

This report was reviewed by:

Harji Varn, CFO/Director of Finance

Kwaku Agyare-Manu, Senior Manager Engineering Services (Acting Director)

Todd Ayotte, Manager, Community Arts & Theatre

Christy Mereigh, Manager Strategic Projects

Tobi May, Manager Civic Buildings and Properties

Leya Behra, Manager of Climate Action

This report was approved by:

Kwaku Agyare-Manu, Acting Director of Engineering Services

Lisa Leblanc, Acting Chief Administrative Officer