



Report to: General Committee

Date Report Authored: October 4, 2012

REPORT: Milliken Mills Workshop Follow- Up – Expansion Proposal

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RECOMMENDATION:

- 1) That the report titled “Milliken Mills Workshop Follow Up - Expansion Proposal” be received for information; and
- 2) That Council direct staff to complete a Feasibility Review in 2013 to determine the scope of changes to Milliken Mills Community Centre & Library for recreation and library services;
- 3) That based on the outcome of the Feasibility Review that consideration be given to the following timelines: Design Phase to be initiated in 2014/15 and Construction between 2015 to 2017;
- 4) That Staff report back in spring 2013 on the result of a Feasibility Review and implementation plan;
- 5) And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide General Committee additional information requested at the Milliken Mills Council Workshop – Part 2 held on March 30, 2012 as directed by Council at the workshop.

BACKGROUND:

On January 30 and March 30, 2012, staff hosted Milliken Mills Workshop(s) to provide Council with an overview of the Milliken Mills site. The purpose of the Workshops were to provide Council with information regarding current uses of the Milliken Mills Community Centre and Library and Park and to discuss future uses for the Milliken Mills campus as requested by Council.

Staff presented the current user trends for all activities that occur within the Milliken Mills Campus and as well discussed future capital requirements on the site.

Integrated Leisure Master Plan

The Integrated Leisure Master Plan approved in April 2010 recommended the following:

Recommendation 18: Continue to undertake enhancements to existing community centres based on physical building and program demand requirements including: Milliken Mills Community Centre (potential addition of a gymnasium, senior’s space, youth space, fitness / active living space, and expanded library). Further evaluation of

this facility and the site's ability to accommodate an expansion of this magnitude should be determined through a feasibility study.

Recommendation 71 of the ILMP Report (p. 39) provided that "the Markham Public Library should move toward the desired provision target of 0.6 square feet per capita" through the implementation of several capital projects, including the following recommendations for library facilities in South Markham/Area D as identified in the ILMP:

- Continue with plans to expand the Milliken Mills Library Branch (an additional 13,000 ft²) in 2012.
- Develop an additional library branch to serve Southeast Markham (Area D) by 2014 (approximately 20,000 ft²). This is currently the most under-served and high needs area in Markham due to its lack of library space and socio-demographic profile (the area has a considerable number of multiple-family households, immigrants, and first generation Canadians; each of these factors are indicators of high demand for library and related services.)

The proposed expansion of the Milliken Mills branch will, along with the new Southeast library branch, implement the ILMP recommendations for South Markham, and move service levels toward from the current 0.19 sq ft per capita "the desired provision target of 0.6 square feet per capita". The table below outlines the impact of these two projects on the level of library space provision in South Markham – i.e., 0.56 sq. ft. per capita by 2017. It assumes the opening of the new Southeast library branch in 2015 and the opening of an expanded Milliken library branch in 2017.

Table 1: Square Feet per Capita with Milliken Expansion

SERVICE AREA	2011	2012	2013	2014	2015	2016	2017
WEST MARKHAM	0.45	0.44	0.43	0.41	0.40	0.39	0.38
EAST MARKHAM	0.39	0.70	0.68	0.66	0.64	0.62	0.60
THORNHILL	0.63	0.62	0.61	0.61	0.60	0.59	0.59
SOUTH MARKHAM	0.20	0.20	0.20	0.19	0.42 ⁽¹⁾	0.42 ⁽¹⁾	0.56 ⁽²⁾
MARKHAM AVERAGE	0.40	0.47	0.46	0.45	0.50	0.49	0.52

Note: (1) Opening of South East Community Centre
(2) Opening of Expanded Milliken Mills

In the event that the Milliken expansion project does not proceed, the library space provision level in the South Markham Service Area will peak in 2015 at 0.42 sq. ft. per capita, and then begin to decline against the Markham average, as population growth continues. See table below.

Table 2: Square Feet per Capita without Milliken Expansion

SERVICE AREA	2011	2012	2013	2014	2015	2016	2017
WEST MARKHAM	0.45	0.44	0.43	0.41	0.40	0.39	0.38
EAST MARKHAM	0.39	0.70	0.68	0.66	0.64	0.62	0.60

THORNHILL	0.63	0.62	0.61	0.61	0.60	0.59	0.59
SOUTH MARKHAM	0.20	0.20	0.20	0.19	0.42	0.42	0.41
MARKHAM AVERAGE	0.40	0.47	0.46	0.45	0.50	0.49	0.48

OPTIONS/ DISCUSSION:

Workshop Discussions

As discussed at the Workshops, the Milliken Mills Community Center and Library and Park provide a one stop leisure experience for the Markham South community. It provides people of all ages the ability to participate in both active and passive activities within a convenient location. The Milliken Mills campus performs as an integrated approach to service delivery for the community – recreation, library, park, soccer dome, recycling depot, school and service yard. The high usage of all components of the centre make it well utilized, demonstrating the need of the residents in the Milliken Mills area.

There are a number of capital projects and master plan issues which were discussed at the workshops related to the Milliken Mills Campus:

- 1) Expansion of the Library - 13,000 sq ft.(as per ILMP)
- 2) Expansion of the Community Centre - 35,000 sq ft. (as per ILMP)
- 3) Operations Yard Location.

Recreation Staff presented the results of a 'fit'study for the expansion of the Community Centre which included an additional 35,000 sq ft with:

- Senior and youth Space
- Fitness/active living space
- Gymnasium (to be constructed at Pan Am)

Library staff discussed the expansion proposed for the library space which includes:

- Expansion of space – 13,000 sq ft.
- Renovation of the existing 17,000 sq ft.
- Recommended design option – partial Two level Concept
- Suggesting timing by the Library Board of design to begin in 2013, construction 2014 – 2015.

There was concern regarding the timing as it relates to other capital projects that are currently identified or underway including the new community centre and library in South East. It was identified that the City is under a major building boom with construction of three major community facilities either planned or underway. These projects and their opening will take considerable resources – both financial and human. The following is a list of major capital projects currently underway.

Major Projects	Design	Opening Date	Total Sq Footage	Library Portion	Recreation Portion
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Cornell Community Centre and Library	completed	Dec 2012	129,000	24,000	105,000
Markham Pan Am Centre	completed	August 2014	130,000	0	130,000
South East Markham Community Centre and Library	underway	Fall 2015	121,000	20,000	101,000

As a result, staff recommends that a feasibility review be undertaken in 2013. The purpose of the review will be to evaluate a full range of options including variations which are discussed below. Staff is recommending that they report back in Spring 2013 including a preferred option, timetable for design and construction and funding implications.

Discussion of Facility Design Concept Options

Option 1

This is the option recommended in the Integrated Leisure Master Plan, with modification, including a 13,000 sq ft expansion of the Milliken Library, and the addition of 35,000 sq ft. of Recreation space (senior, youth, active living and gymnasium space). Staff have identified that the Markham Pan Am Centre which includes a triple gymnasium and warm up hall may meet the needs of the Milliken Mills Community. Staff are recommending that a gymnasium not be included in any expansion of recreation space at this time. Therefore, only 17,000 sf of Recreation space for Senior and Youth programs are required. This option also shows the renovation of the aquatic change rooms including upgrades to the existing change rooms and the addition of an universal change room. Milliken Mills community centre is the only aquatic facility which we own that does not have a universal change room which addresses family, cultural, accessibility and privacy needs. This is a high priority that needs to be addressed.

OPTION 1	Original Strategy (ILMP)	Cost (\$M)	Funding	
			DC	Non-DC
Library	construct 13,000 sf / renovate 17,000 sf	\$12.1	\$5.4	\$6.7
Community Centre	construct 17,000 sf	\$7.5	\$6.7	\$0.8
	Subtotal	\$19.6	\$12.1	\$7.5
Aquatic Change Rooms	renovate 5,400 sf	\$3.8	\$0.0	\$3.8
Site/Parking		\$0.2	\$0.2	\$0.0
Subtotal		\$23.6	\$12.3	\$11.3
Soft Costs		\$3.1	\$1.6	\$1.5
Other Costs		\$3.9	\$3.4	\$0.5
Grand Total		\$30.6	\$17.3	\$13.3

Subject to more details which may emerge following the feasibility study, the above is the preliminary breakdown of the funding sources.

Option 2

As a result of the discussions at the January 30th workshop staff reviewed additional strategies for managing community needs. At the March 30th workshop – Part 2, based on a suggestion by Councillors, staff presented an alternative strategy for the expansion of the library and community centre which includes a totally new library space and renovation of the existing library for recreation needs (youth, senior and active living) This option has the advantage of allowing the existing library to continue full and uninterrupted operations while construction is in progress, thereby ensuring continuity of public service. As in option one this option also shows the renovation of the aquatic change rooms including upgrades to the existing change rooms and the addition of an universal change room. Milliken Mills community centre is the only aquatic facility which we own that does not have a universal change room which addresses family, cultural, accessibility and privacy needs. This is a high priority that needs to be addressed.

OPTION 2	Proposed Strategy	Cost (\$M)	Funding	
			DC	Non-DC
Library - 30,000 sq ft of new space	construct 30,000 sf	\$13.6	\$12.2	\$1.4
Community Centre - renovation of existing 17,000 sq ft of library space	renovate 17,000 sf	\$3.8	\$0.0	\$3.8
	Subtotal	\$17.4	\$12.2	\$5.2
Aquatic change rooms	renovate 5,400 sf	\$3.8	\$0.0	\$3.8
Site/parking		\$0.5	\$0.4	\$0.1
Subtotal		\$21.7	\$12.6	\$9.0
Soft costs – FFE, library collections		\$2.8	\$1.6	\$1.2
Other costs		\$3.8	\$3.3	\$0.5
Grand Total		\$28.3	\$17.5	\$10.8

Subject to more details which may emerge following the feasibility study, the above is the preliminary breakdown of the funding sources.

Total cost under Option 1 (per ILMP) is \$30.6M while the total cost under Option 2 (per Workshop) is \$28.3M. The difference of \$2.3M between the two options is primarily due to the renovation cost of library in Option 1 being more expensive in order to integrate with the existing space.

FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)

The Operating impact as a result of the Milliken Mills expansion is estimated to be similar for both Option 1 and Option 2. Where applicable, cost estimates were based on a comparison to Angus Glen Community Centre & Library on a square footage basis. The Operating impact for Library and Recreation is as follows:

Net Operating Impact

	Library	Recreation				
		Facility	Seniors	Fitness	Youth	Total
Personnel	195,603	39,375	17,106	13,500	22,730	288,314
Non-Personnel	134,152	141,200	2,240	1,500		279,092
Total Expense	329,755	180,575	19,346	15,000	22,730	567,406
Revenues	45,767	96,908	3,625	38,900	1,500	186,700
Total, surplus/(subsidy)	(283,988)	(83,667)	(15,721)	23,900	(21,230)	(380,706)

Note: Included is \$96k of internal charges for Occupancy costs between Library and Recreation with a net impact of zero.

Annual impact of Milliken Mills expansion is a net annual subsidy of \$380,706.

Funding Options:

Development charges (DC) will fund \$17.3M under Option 1 and \$17.5M under Option 2.

The non-Development Charges (non-DC) funding requirement for the Milliken Mills Community Centre and Library expansion under Option 1 is \$13.3M and under Option 2 is \$10.8M. These amounts can be funded from the following options:

1) Life Cycle Replacement and Capital Reserve Fund

Based on the 2012 update of the Life Cycle Reserve Study which excludes the Milliken Mills expansion, there are sufficient funds for the major replacement and rehabilitation of existing assets with known work programs for the next 25 years. Milliken Mills renovation is currently not included in the Life Cycle Reserve Study. Therefore, funding for the Milliken Mills renovation would reduce the future replacement and preventive maintenance of other City capital assets by 7.5 years under Option 1 to 17.5 years and by 6 years to 19 years under Option 2. This is independent of any other potential unfunded capital projects.

2) The Corporate Rate Stabilization Reserve

The City has a policy to maintain the reserve balance equivalent to 15% of the local tax levy. This reserve is used to maintain the City's cash flows, minimize short-term borrowing and fund urgent expenditure requirements. The fund is replenished annually using year-end Operating surpluses if funds are available.

Based on the 2012 assessment growth and the unfunded balance for Milliken Mills expansion, the City will need \$14.2M under Option 1 and \$11.6M under Option 2 from Operating surplus to bring the reserve to the required 15% threshold.

3) **Municipal Tax Increase**

For Option 1, the unfunded balance of \$13.3M will require a 11% tax rate increase. For Option 2, the unfunded balance of \$10.8M will require a 9% tax rate increase.

Potential Unfunded Capital Projects

There are currently other competing interests with limited funds available. The decision to fund the Milliken Mills Expansion should take into consideration the other potential unfunded capital projects as outlined below:

Non-DC growth portion of DC projects

- Warden Ave Sports Park – 100 acre park
- Public Works Yard Land Acquisition and Facility Construction
- Angus Glen Expansion
- Stiver Mill Restoration

Storm Water Management program

- West Thornhill storm water flood remediation
- Don Mills Flood Control
- Rest of City Flood Remediation

Heritage Buildings

- Tremont Hotel – stabilize, preserve and restore (privately owned)
- Daniel Fairty House – stabilize, preserve and restore.
- Facility Upgrades

Other

- Emerald Ash Borer program
- Morgan Pool Retrofit

Markham currently has no debt as it relates to Development Charges. As part of the ILMP presentation to Council in April of 2010, it was forecasted that Development Charges borrowing would peak at approximately \$140-150 million in the 2014-2019 time frame. The Milliken Mills expansion, in addition to the Pan Am field house that was not planned for in the ILMP, would add an additional 18,000 sq ft of recreation space and therefore require even further borrowing.

Furthermore, by adding a large amount of new library and recreation square footage in a compressed amount of time (Cornell CC&L, Pan Am, Southeast CC&L, and Milliken Mills CC&L), the City faces risks associated with being unable to cover debt servicing costs if there is a slowdown in growth as well as risks associated with creating significant excess capacity (i.e. current service levels being notably higher than the 10-year average service levels).

Based on financial considerations, Finance staff recommend deferring the Milliken Mills expansion and renovation (excluding the family change rooms) until the Cornell CC&L, Pan Am and South East CC&L are constructed.

NEXT STEPS

A full evaluation of both design options and other considerations will be undertaken in the first quarter of 2013 that will incorporate financial and social impacts as outlined in the ILMP. A report will be presented to council in spring of 2013.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

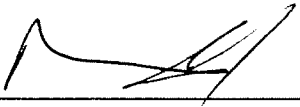
The Expansion of the Milliken Mills Community Centre and Library will align with the Integrated Leisure Master Plan by enhancing an existing community centre and library and implementing Recommendation 18.

BUSINESS UNITS CONSULTED AND AFFECTED:

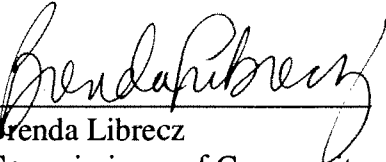
Asset Management, Finance, Library, Recreation

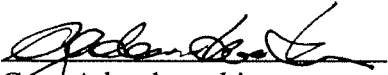
RECOMMENDED

BY:


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ATTACHMENTS:

None