

## TECHNICAL MEMORANDUM

<b>Issue Date:</b>	October 18, 2024	<b>Reference/Project No.:</b>	2024-3059
<b>To:</b>	Trent McLaughlin	<b>Previous Issue Date:</b>	
<b>From:</b>	Joey Balko, Ryan Woodhouse		
<b>Client:</b>	Town of Hinton		
<b>Project Name:</b>	Dr. Duncan Murray Recreation Centre Asset Management Plan		
<b>Subject:</b>	High-Level Lifecycle Cost Comparison of Three Conceptual Facility Options		

### 1 INTRODUCTION

In the last few years, the Town of Hinton (the Town) has looked at various options and opportunities for expanding the Dr. Duncan Murray Recreation Centre's services to its residents and visitors. Several strategies for expanding or replacing the facility have been developed, but these have not been feasible due to the significant capital expenditure and debt these options would require.

As the facility ages, the risk associated with the facility, as well as the cost of maintaining and operating it, is likely to increase; meanwhile, the service level of the facility will continue to decrease. This leaves the Town looking for a way to maintain or modify the existing recreation centre while providing the same, or enhanced, level of service that the community is looking for. To help guide this process, the Town is conducting a cost-benefit analysis to help the Town's Council and Administration evaluate and review the options available for the future of the recreation centre. Associated Engineering ("Associated") has been engaged to develop a high-level cost comparison of three facility options, followed by an asset management plan, to assist the Town in conducting a cost-benefit analysis.

### 2 SCOPE

This memorandum provides a high-level comparison of three potential management plans for the facility, which include:

- Scenario 1: Maintain existing facility – groups of smaller modifications/renovations to extend the current facility's life as long as possible while maintaining a similar service level.
- Scenario 2: Major recapitalization – a series of major modifications/renovations to extend the life of the existing facility, and expand the facility and improving the level of service.
- Scenario 3: New facility to fully replace existing facility – replacement as soon as possible with only minimal investment into the current facility, expanding the facility and improving the level of service.

A key first step in developing the three scenarios is to understand the current status of the existing facility as some level of investment will likely be required in the short-term, even if the ultimate decision is to progress with one of the other scenarios. This memorandum also includes a review of the probable funding available for each option.

The intent of the memorandum is to provide strategic budgetary forecasts to support the Town's budget decision making process and council deliberations but not to provide detailed recommendations. The upcoming asset management plan will provide a more detailed analysis of the costs and timelines for future options for the facility and will incorporate a focus on Council's preferred direction from the options presented in the memo.

### 3 INVENTORY AND CURRENT STATE OF ASSETS

This section will focus on a review of the current documentation available for the existing Dr. Duncan Murray Recreation Centre (the facility). Using the information available, the project team developed an inventory, performed a basic asset risk assessment, and created a prioritized, 25-year lifecycle forecast for the facility. Through this process, a baseline can be established for the facility which will be utilized to create options for enhancements to the facility.

An inventory of in scope assets for the recreation centre was built using background documentation as well commentary provided by the Town. Key resources consulted include:

- Dr. Duncan Murray Recreation Centre – Building Condition Assessment, Williams Engineering (2017)
- Community Recreation Facilities Assessment Study, ARPA (2002)
- Review meeting with Recreation Centre staff (October 7, 2024)

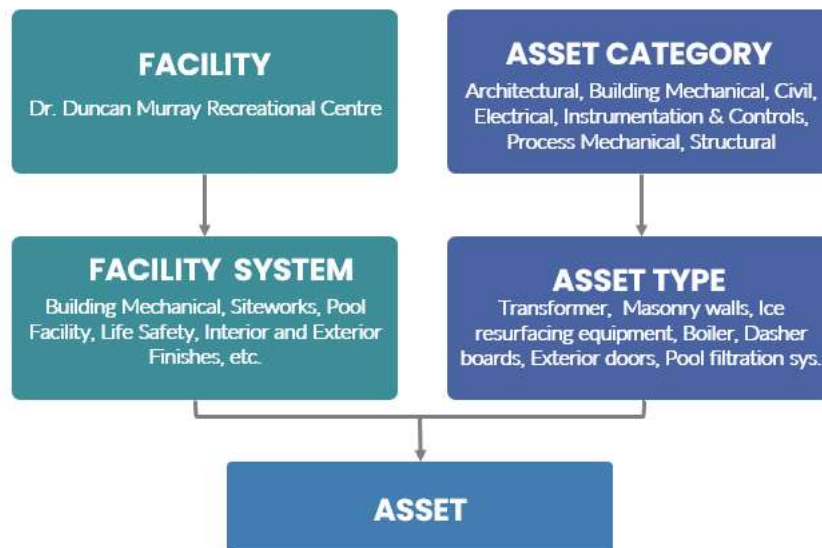
The inventory is limited to the facility and immediate exterior, which include the following amenities:

- Pool facility: lap pool, wading pool, hot tub, sauna, and ancillary facilities
- Library
- Multipurpose rooms, general use spaces, administrative offices, and other ancillary facilities
- Steve Hotchkiss Arena (SHA) and ancillary facilities
- Bill Thompson Arena (BTA), concession area, and ancillary facilities
- Indoor racquet courts
- Building exterior: parking, landscaped areas, and playground

#### 3.1 Asset Hierarchy

The asset hierarchy for the facility is shown in **Figure 3-1** below. The hierarchy was developed based on a review of in-scope assets. Assets were grouped into facility systems which serve similar purposes in the recreation centre and have similar risk profiles.

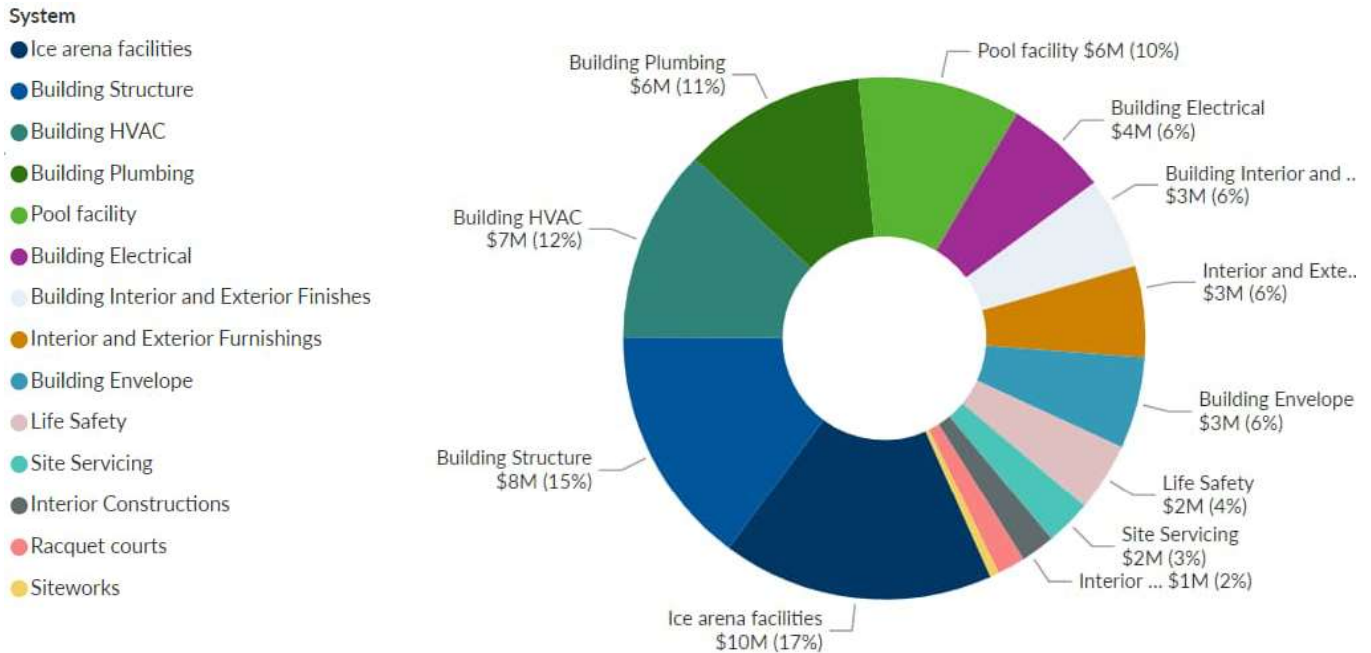
**Figure 3-1 Asset Hierarchy**



3.2 Asset Valuation

The estimated total Current Replacement Value (CRV) for all this facility is **\$56.6 million**. Using this budgetary value for the overall facility, replacement costs for individual components were allocated to facilitate the use of CRV to plan for capital renewal and replacement projects related to the facility. **Figure 3-2** summarizes the facility’s estimated CRV by system. All costs presented in this memo are in 2024 dollars.

Figure 3-2 Portfolio Replacement Value



Replacement values were determined by evaluating the six general areas of the building (the pool, BTA, SHA, the racquet courts, the library and general use areas, and the building’s exterior) using square meter unit costs developed internally. This value was then distributed amongst the assets within each of those areas through consultation with Associated subject matter advisors. The CRV of the facility was estimated using two methods, yielding a range between \$38.1 million and \$56.6 million. Given feedback that the facility has historically been undervalued, the higher CRV was selected and used as the basis for all modelling in this memo to maintain consistency.

These values provide only a Class 5 planning level estimate and will be improved during the development of the facility’s asset management plan (AMP). Valuations include material and labour costs for re-constructing a similar feature in 2024, but do not include a contingency allowance or engineering and design fees.

3.3 Condition-Based Deterioration Modelling / Asset Condition

Condition ratings may be assigned using various sources of information; in this memo, they are assigned based on inspection data, or, if none is available, calculated based on asset age. Asset condition was populated based on general observations provided in the facility’s documented condition assessments, as well as comments made during a meeting held with Town staff. Where no inspected condition information was available, age-based condition was used. Baseline asset ages were set by facility area based on historical reports provided by staff. Asset-specific install dates or condition were modified where reports on asset condition, replacement, or refurbishment were available.

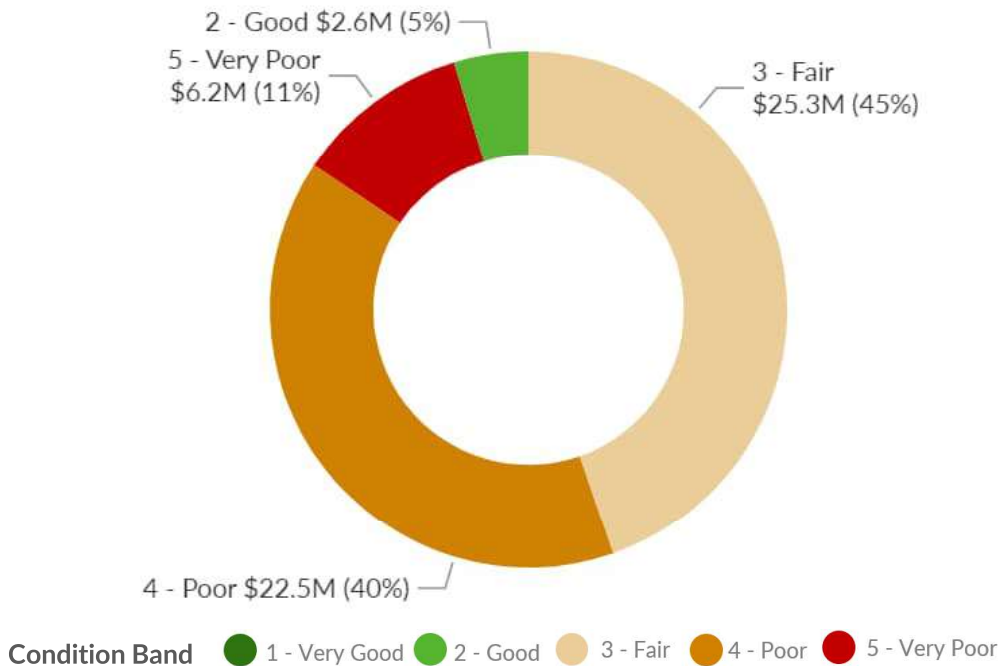
**Table 3-1** below summarizes the relationship between condition and remaining service (RSL) life assumed. The RSL of an asset is determined from a standard expected service life (ESL) assigned to a specific asset type and the year of an asset's installation. As assets age and deteriorate, they will need to be replaced (asset renewal) to maintain the level of service. This asset renewal is forecasted in **Section 3.5**.

**Table 3-1 Condition-Deterioration Relationships**

Condition Grade	Condition	Remaining Service Life (RSL)
5	Very Poor	0% to 10%
4	Poor	10% to 30%
3	Fair	30% to 60%
2	Good	60% to 90%
1	Very Good	90% to 100%

**Figure 3-3** summarizes the condition of the facility's assets by CRV. Weighted by replacement value, 5% of assets are in good condition, no assets are in very good condition, and 11% are in very poor condition.

**Figure 3-3 Asset Condition by CRV**



Limited records are available for much of the facility between the mid-2000s and 2017. The condition scores recorded in the inventory may be based on outdated information and may not reflect renewals, major repairs, or refurbishments that will have improved the condition of an asset. Comments made during the meeting held with Town staff and in reports reviewed suggest that, despite being aged, most mechanical and electrical assets have been generally maintained and replaced as needed and are assumed to be in fair condition. Specific areas of the facility, including structural elements of

the pool facility and the BTA, roof assets, the chiller systems, and interior and architectural features throughout the facility were noted as being in poorer condition, which is reflected in the lifecycle forecasting for those assets.

### 3.4 Risk Assessment

Understanding and managing risk is a fundamental need in the effective delivery of services and is key for understanding where to prioritize investment for enhancements to the facility. The focus of risk management in this assessment is to assess the risks to service resulting from the failure of assets at the existing recreation centre to inform a risk-based, prioritized investment schedule for lifecycle investment decisions.

A risk model was developed to assess three dimensions of risk:

- **Service:** Impacts on the facility's operation, causing a potential loss of service to users and/or lost revenue.
- **Health and Safety:** failure of assets that could be hazardous to users or staff health.
- **Economic:** The financial costs in repair of an asset failure and any consequential damages.

For each, the risk score is calculated based on the basic risk calculation of a likelihood score multiplied by a consequence score. The likelihood score is calculated as an annual probability of failure using a typical failure rate for the particular type of asset (aligned with its remaining service life). Consequence scores are determined based on the criticality of the asset, or how significant a loss or reduction of service would be to facility access, to revenue, to health, and to financial investment.

Figure 3-4 Total System Risk Weighted by CRV



Figure 3-4 summarizes the total risk score for each system within the facility, weighted by CRV. By CRV, most assets are within the medium risk range, although several assets in the ice arena facilities, pool facility, and within the building electrical system received high or very-high risk scores. These specifically include the pool filtration system, as well as the ice arena refrigerant and chemical control systems, and compressor systems.

The Service Loss, Health and Safety, and Economic risk profiles for the facility’s assets are shown in Figure 3-5 through Figure 3-7. These plots present the assessed risks for each asset in the inventory at the time of assessment (2024). Dots are scaled to the CRV of the asset.

Assets with high or very high risk will need to be addressed proactively at the earliest opportunity by appropriately timed asset renewals (before end-of-life) and/or by investment in mitigation measures, such as protection measures or refurbishments. Because of the recreation centre’s age, many assets have a high risk of failure and thus medium, high, or very high risk score. As the facility continues to age, and the risk of failure increases, more assets will begin to climb into the high and very high-risk bands.

Figure 3-5 Service Loss Risk Matrix Plot (2024)

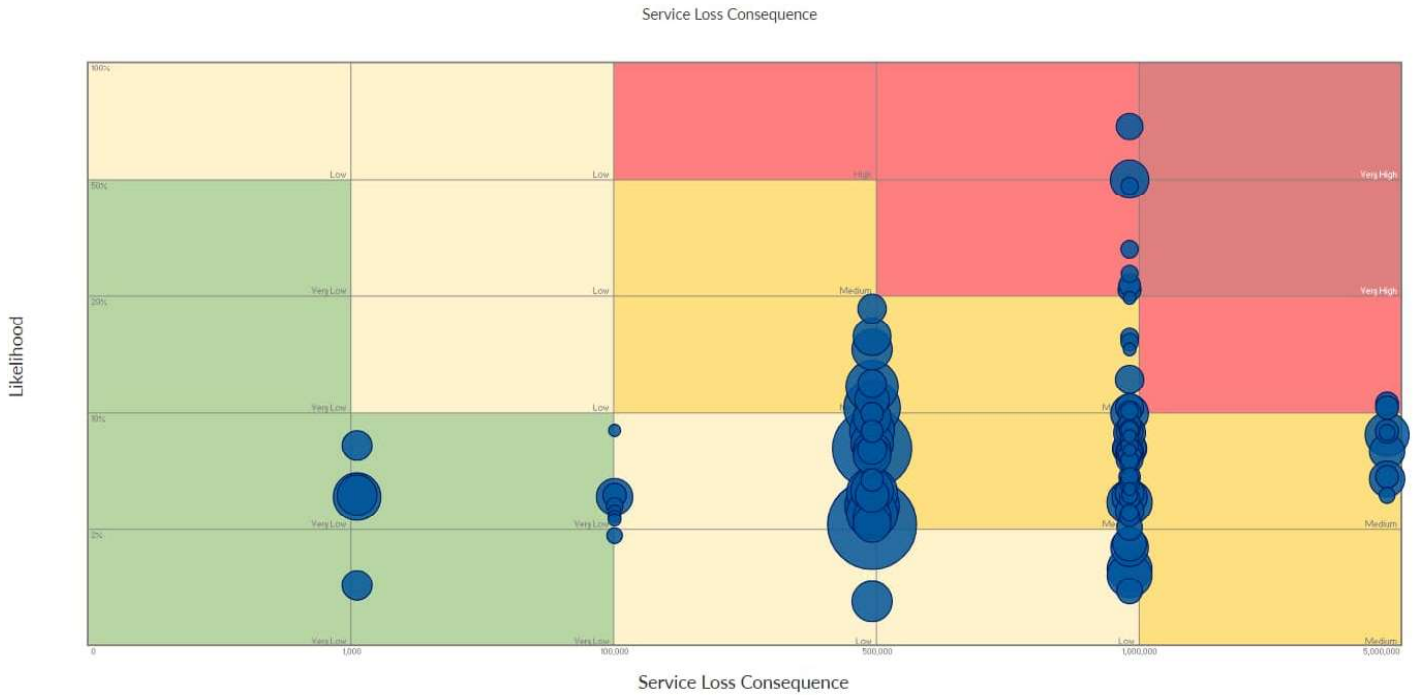


Figure 3-6 Health and Safety Risk Matrix Plot (2024)

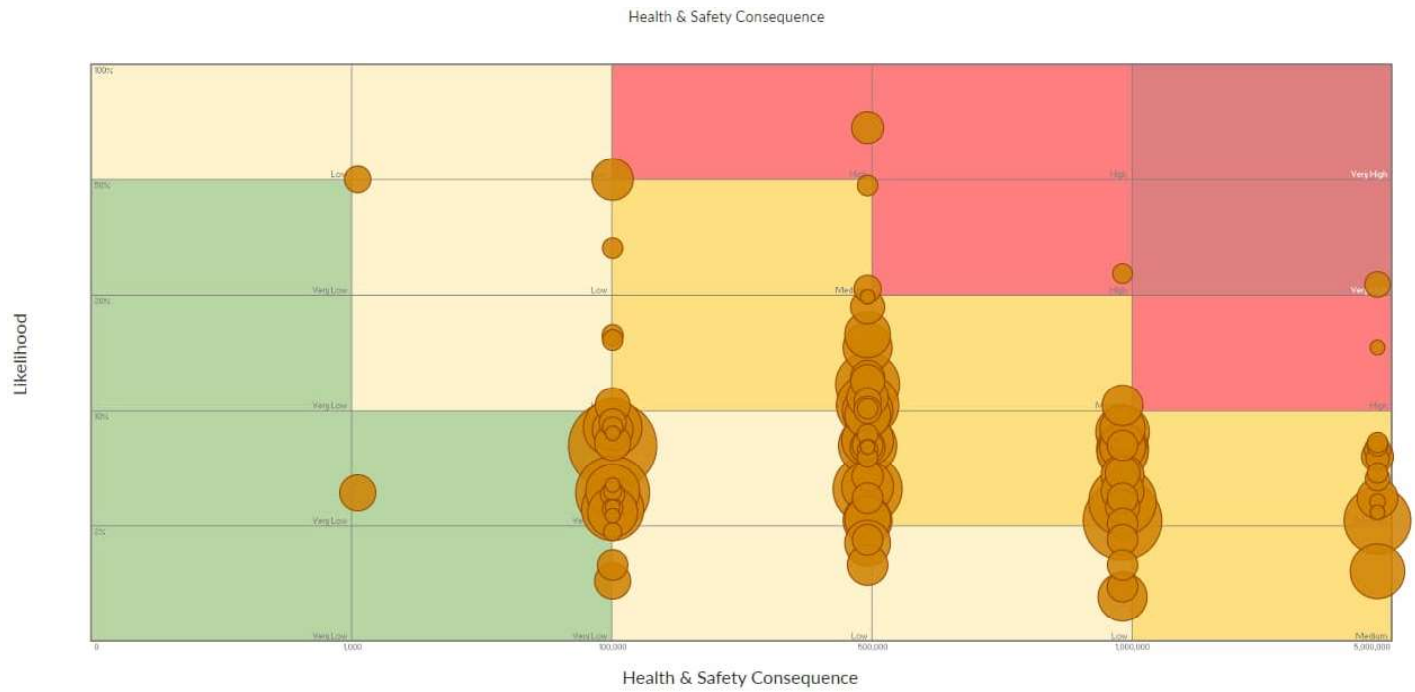


Figure 3-7 Economic Risk Matrix Plot (2024)

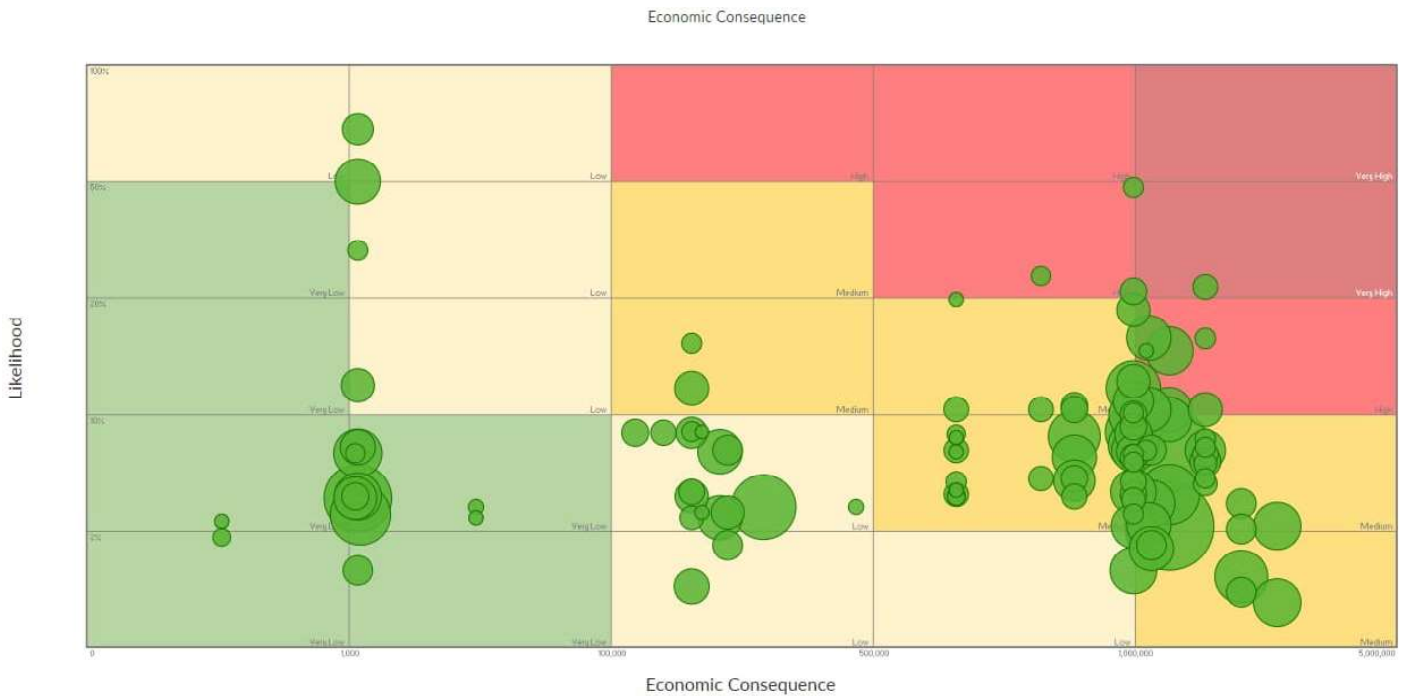
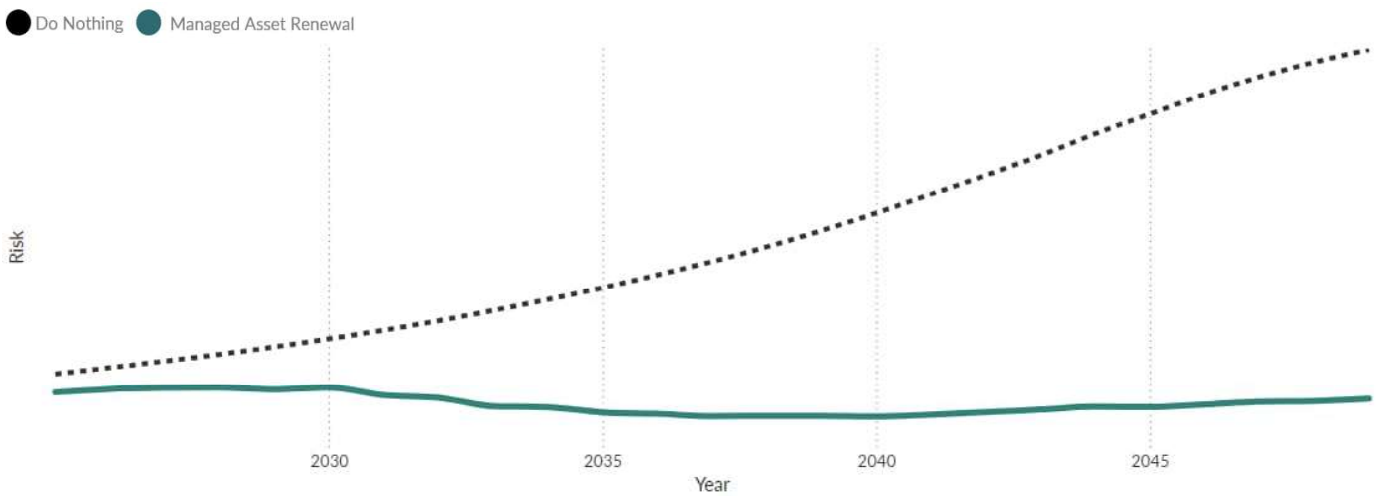


Figure 3-8 below shows how the overall level of risk changes over the 25-year forecasting period under the “Do Nothing” approach versus with managed capital renewals. This demonstrates that without investment in renewals the risk of assets in the facility failing will increase significantly.

Figure 3-8 Risk Forecast – Do Nothing vs. Managed Asset Renewal



3.5 Prioritized Lifecycle Investment Forecast

A prioritized, 25-year lifecycle forecast for the existing facility was developed using the condition, valuation, and risk assessments outlined in the previous sections. The lifecycle forecast models capital expenditures, which include Hinton Recreation Centre - Condition and Viability Assessment

renewals and major repairs, as well as approximate operational and maintenance expenses. Only two major repairs are included in the lifecycle modelling for this facility:

- Patchwork repair to provide structural support to west wall of BTA, or improve site grading to mitigate lateral pressure on wall: \$75k
- Mud jacking/foam injection into voids under pool deck: \$25k

An approximate annual capital budget threshold of \$2.6 million was assigned based on the forecast average annual capital spend for this facility over the 25-year period. A constant annual operational and maintenance (O&M) expenditure of \$3.0 million was estimated based on modelling completed by ISL Land and Engineering Services<sup>1</sup>. O&M modelling will be refined during in the AMP. **Table 3-2** summarizes total annual renewal, repair, and O&M expenses, by 5-year buckets. Total lifecycle costs over the 25-year period from 2025 to 2049 were forecast at **\$135.2 million**, of which **\$60.6 million** are capital costs.

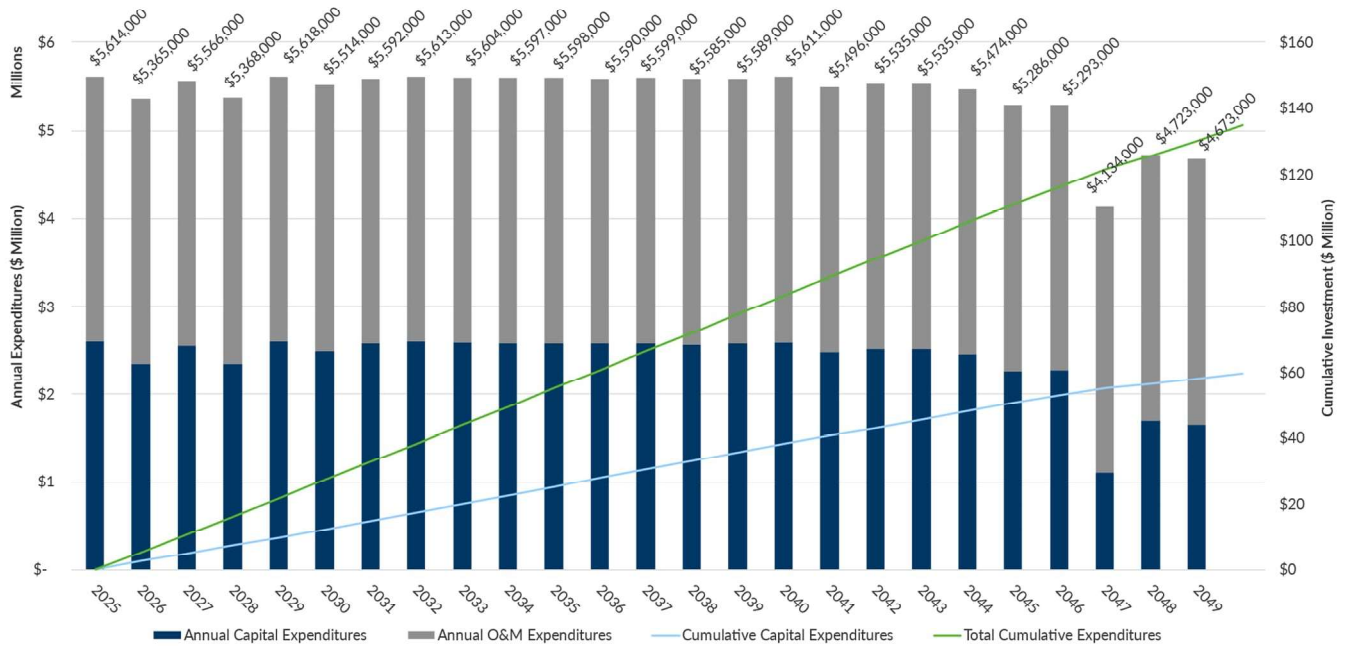
**Table 3-2 25-Year Prioritized Lifecycle Forecast Summary**

Year	Renewals	Repairs	O&M	Total
2025-2029	\$12,336,000	\$100,000	\$15,095,000	\$27,531,000
2030-2034	\$12,825,000	-	\$15,095,000	\$27,920,000
2035-2039	\$12,866,000	-	\$15,095,000	\$27,961,000
2040-2044	\$12,556,000	-	\$15,095,000	\$27,651,000
2045-2049	\$9,014,000	-	\$15,095,000	\$24,109,000
<b>Total</b>	<b>\$59,597,000</b>	<b>\$100,000</b>	<b>\$75,475,000</b>	<b>\$135,172,000</b>

Using the results of the risk assessment outlined in **Section 2.4**, the capital maintenance needs for the facility were prioritized over the 25-year period. Annual and cumulative capital and O&M expenditures are shown in **Figure 3-9**. Average annual capital expenditures are forecast to be **\$2.3 million**, while average annual total expenditures are forecasted to be **\$5.4 million**.

<sup>1</sup> See Table 4-4 in the Hinton Recreation Centre Business Case, *ISL Engineering and Land Services (2018)*, prepared for the Town of Hinton. O&M expenditures include salaries, wages, benefits, administration expenses, utilities, maintenance and repairs, custodial expenses, and other miscellaneous costs. Adjusted to 2024 \$.

Figure 3-9 25-Year Lifecycle Forecast



Note: Due to rounding, numbers presented in this figure may not add up precisely to the totals provided.

This assessment has essentially been completed as an unconstrained analysis, because an annual budget threshold has been set to allow all projects to be addressed within the 25-year planning period. If a smaller budget threshold is assigned, the number of projects which can be completed in any given project year will be constrained. This may have a significant impact on the functionality and risk associated with the assets, and on the volume and cost of reactive repairs needed. These outcomes have not been evaluated.

#### 4 SCENARIO OVERVIEW

Using the current facility's investment profile as outlined in Section 3 as a template, the following section presents three strategies for managing the recreation centre over the next 25 years. These scenarios evaluate potential capital costs, including repairs, upgrades/renovations, renewals, and facility replacement, as well as maintenance costs, operational costs, and revenue. In this phase of the assessment, the three scenarios are presented but are not compared or prioritized for consideration.

##### 4.1 Scenario 1: Baseline

In this scenario, the facility undergoes a series of modifications and projects to keep the current facility operational for as long as possible. The facility is maintained in its current state, with no expansion of the services it provides users. The scope of Scenario 2 is summarized in Table 4-1.

Table 4-1 Scenario 1 Scope

Activity	Description
Renewals	As assets reach the end of their service lives, they are replaced based on a risk-prioritized forecast, up to an annual budget cap of \$2.6M.
Major repairs	<ul style="list-style-type: none"> <li>Patchwork repair to provide structural support to west wall of BTA, or improve site grading to mitigate lateral pressure on wall: \$75k.</li> <li>Mud jacking/foam injection into voids under pool deck: \$25k.</li> </ul>
O&M	A constant annual O&M expenditure of \$3.0M is assumed.
Revenue	<ul style="list-style-type: none"> <li>Revenue is generated from admissions, rentals, program registrations, daily fees, and memberships for use of the existing facility's amenities such as the arenas, pool, and studio spaces and is assumed to remain constant as there are no changes to the amenities offered through the facility. In the current state, constant annual revenue of \$821k is assumed.</li> <li>In the current facility, approximately 75% of O&amp;M expenses are covered by municipal contributions. Municipal contributions to the operating budget are not modelled in this assessment.</li> </ul>

This scenario mirrors the current state modelling outlined in **Section 3**, whereby the facility's assets are replaced as they age out of commission and annual operating and maintenance expenses remain constant. If desired by the Town, this scenario can be refined in the AMP to include only high-priority renewals (e.g., renewal of key facilities, or high/very-high risk assets). Estimated renewal costs include material and labour costs for re-constructing a modern-day equivalent asset, but do not include a contingency allowance or engineering and design fees.

**Table 4-2** summarizes total annual renewal, repair, and O&M expenses, as well as revenue by 5-year buckets. Total lifecycle costs over the 25-year period from 2025 to 2049 were forecast at \$135.2 million, of which \$59.7 million are capital costs. Over the 25-year period, a net negative cash flow of **\$114.6 million** is forecast for Scenario 1.

Table 4-2 Scenario 1: 25-Year Prioritized Lifecycle Forecast Summary

Year	Renewals	Major Repairs	O&M	Revenue	Cash Flow
2025-2029	\$12,336,000	\$100,000	\$15,095,000	-\$4,107,000	\$23,424,500
2030-2034	\$12,825,000	-	\$15,095,000	-\$4,107,000	\$23,813,500
2035-2039	\$12,866,000	-	\$15,095,000	-\$4,107,000	\$23,854,500
2040-2044	\$12,556,000	-	\$15,095,000	-\$4,107,000	\$23,544,500
2045-2049	\$9,014,000	-	\$15,095,000	-\$4,107,000	\$20,002,500
<b>Total</b>	<b>\$59,597,000</b>	<b>\$100,000</b>	<b>\$75,475,000</b>	<b>-\$20,533,000</b>	<b>\$114,640,000</b>

### 4.2 Scenario 2: Major Recapitalization

In Scenario 2, the facility undergoes a series of major modifications and renewals which expand and improve the services it provides to users as compared to the existing facility. The scope of Scenario 2 is summarized in **Table 4-3**. The existing facility will remain operational and continue to be maintained as usual while the upgrades described are completed. Once these upgrades are completed, the facility's lifecycle is modelled using the parameters described for the upgraded facility.

**Table 4-3 Scenario 2 Scope**

Activity	Description
Renewals	<ul style="list-style-type: none"> <li>As assets reach the end of their service lives, they are replaced based on a risk-prioritized forecast, up to an annual budget cap of approximately \$2.6M.</li> </ul>
Major repairs	<ul style="list-style-type: none"> <li>Patchwork repair to provide structural support to west wall of BTA, or improve site grading to mitigate lateral pressure on wall: \$75k.</li> <li>Mud jacking/foam injection into voids under pool deck: \$25k.</li> </ul>
New construction <sup>2</sup>	<ul style="list-style-type: none"> <li>New fieldhouse (completed aprx. 2030): \$33.8M <ul style="list-style-type: none"> <li>Fieldhouse: \$30.5M</li> <li>Demolition of existing ARPG building to accommodate field house: \$23k</li> </ul> </li> <li>Reconstruct parking facilities: \$1.0M</li> <li>Reconstruct playground: \$310k</li> <li>Landscaping: \$260k</li> <li>Additional municipal servicing: \$1.6M</li> <li>Add generator: \$250k</li> </ul>
Upgrades and renovations <sup>2</sup>	<ul style="list-style-type: none"> <li>Change rooms (Pool – Women's, Men's, and Family): \$1.7M</li> <li>Change rooms (ice arena): \$1.3M</li> <li>Lobby and entrance area modifications: \$3.1M</li> <li>Parent link (daycare): \$277k</li> </ul>
O&M	<ul style="list-style-type: none"> <li>A constant annual O&amp;M expenditure of \$3.0M is assumed until upgrades have been completed.</li> <li>Once the field house has been completed (aprx. 2030), annual O&amp;M expenses increase to \$3.7M to accommodate the need for additional staff and servicing to the new field house.</li> </ul>
Revenue	<ul style="list-style-type: none"> <li>A constant annual revenue of \$821k is assumed until upgrades are completed.</li> <li>Once the fieldhouse is constructed (aprx. 2030), an increased annual revenue of \$1.1M is assumed, attributed to the increased appeal of improved facilities and additional revenue from the field house.</li> </ul>

<sup>2</sup> Project costs include a 10-12% contingency to account for engineering and design fees.  
Hinton Recreation Centre - Condition and Viability Assessment

The new capital projects (new construction, as well as upgrades and renovations) listed in **Table 4-3** were developed based on a review of the Hinton Recreation Centre Business Case (ISL Land and Engineering Services), which suggests constructing a new fieldhouse, a new aquatic facility, and a new fitness facility; only the field house was included in this scenario, as the new aquatic and fitness facilities were considered by Town staff to be nonviable due to competition and operational expenses.

**Table 4-4** summarizes total annual renewal, repair, O&M expenses, and revenue, as well as asset construction and asset decommissioning costs, by 5-year buckets. Total lifecycle costs over the 25-year period from 2025 to 2049 were forecast at \$184.1 million, of which \$96.6 million were capital costs. Over the 25-year period, a net negative cash flow of **\$155.6 million** is forecast for Scenario 2.

**Table 4-4 Scenario 2: 25-Year Prioritized Lifecycle Forecast Summary**

Year	Renewals	Major Repairs	New Construction	Upgrades/ Renos	O&M		Revenue		Cash Flow
					Existing Facility	New Facility	Existing Facility	New Facility	
2025-2029	\$11,449,000	\$100,000	\$16,872,000	\$6,319,000	\$15,096,000	-	-\$4,107,000	-	\$45,730,000
2030-2034	\$12,442,000	-	\$17,078,000	-	\$3,019,000	\$14,608,000	-\$821,000	-\$4,196,000	\$38,478,000
2035-2039	\$12,535,000	-	-	-	-	\$18,260,000	-	-\$5,245,000	\$25,550,000
2040-2044	\$12,040,000	-	-	-	-	\$18,260,000	-	-\$5,245,000	\$25,055,000
2045-2049	\$7,768,000	-	-	-	-	\$18,260,000	-	-\$5,245,000	\$20,783,000
<b>Total</b>	<b>\$56,234,000</b>	<b>\$100,000</b>	<b>\$33,950,000</b>	<b>\$6,319,000</b>	<b>\$18,115,000</b>	<b>\$69,388,000</b>	<b>-\$4,928,000</b>	<b>-\$19,931,000</b>	<b>\$155,596,000</b>

### 4.3 Scenario 3: Replace Facility

In this scenario, the existing facility is kept operational with minimal capital investments while a new facility is designed and constructed as soon as possible. The existing facility will be decommissioned once the new facility is brought online to maintain continuous service to users. The new facility will include all of the upgrades and renovations listed in Scenario 2 (e.g., field house, generator) and will provide additional and improved services to users compared to the existing facility. However, upgrades to accommodate a growing population or changing service expectations have not been included in this assessment. **Table 4-5** summarizes which elements are included within the scope of this scenario's modelling, for both the existing and future recreation centres.

**Table 4-5 Scenario 3: Scope**

Type	Existing Recreation Centre	Future Recreation Centre
Renewals	<ul style="list-style-type: none"> <li>Limited major renewals through to end-of-life. Assume only very high and high risk assets are renewed for the remainder of the facility lifecycle.</li> </ul>	<ul style="list-style-type: none"> <li>As assets in the new facility reach the end of their service lives, they are replaced based on a risk-prioritized forecast, up to an annual budget cap of \$2.7M.</li> </ul>

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Type	Existing Recreation Centre	Future Recreation Centre
Major repairs	<ul style="list-style-type: none"> <li>Patchwork repair to provide structural support to west wall of BTA, or improve site grading to mitigate lateral pressure on wall: \$75k</li> <li>Mud jacking/foam injection into voids under pool deck: \$25k</li> </ul>	<ul style="list-style-type: none"> <li>Assume no major deficiency repairs are required in the new facility.</li> </ul>
New construction <sup>3</sup>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Facility replacement commences immediately and is completed by 2032. Includes a new field house, generator, as well as upgraded washroom/changerooms, lobby, and daycare area: \$102.1M</li> <li>Land acquisition costs are not included as it is assumed that the new facility is constructed on municipally owned land.</li> </ul>
Decommissioning	<ul style="list-style-type: none"> <li>Assume complete decommissioning and demolition of the existing facility (commences in 2033): \$888k</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
O&M	<ul style="list-style-type: none"> <li>A constant annual O&amp;M expenditure of \$3.0M is assumed until new facility comes online (2032).</li> </ul>	<ul style="list-style-type: none"> <li>Once the new facility becomes operational (2032), annual O&amp;M expenses increase to \$3.7M to accommodate the need for additional staff and servicing to the new field house.</li> </ul>
Revenue	<ul style="list-style-type: none"> <li>A constant annual revenue of \$821k is assumed until the new facility comes online (2032).</li> </ul>	<ul style="list-style-type: none"> <li>Once the new facility becomes operational (2032), an increased annual revenue of \$1.1M is assumed, attributed to the increased appeal of improved facilities and additional revenue from the field house.</li> </ul>

Modelling of the capital investment required in the current facility revealed a spike in costs for the existing facility in 2031 and 2033. In Scenario 3, the current facility is assumed to be decommissioned in 2033 to avoid significant capital expenditures on the aging, existing facility. The cost of planning, designing, and constructing the new recreation centre is distributed across an eight-year window (2025-2032), with 85% of the costs occurring in 2031 and 2032. A detailed review of the planning, approval, and permitting requirements for the new recreation centre, as well as design and construction timelines, will be required to accurately forecast the new facility's construction costs. The cost of decommissioning the existing facility is allocated entirely to 2033.

**Table 4-6** summarizes total annual renewal, repair, O&M expenses, and revenue, as well as asset construction and asset decommissioning costs, by 5-year buckets. Total lifecycle costs over the 25-year period from 2025 to 2049 were forecast at \$193.5 million, of which \$107.3 million are capital costs (including decommissioning the existing facility). Over the 25-year period, a net negative cash flow of **\$169.1 million** is forecast for Scenario 1.

<sup>3</sup> Project costs include a 10-12% contingency to account for engineering and design fees.  
 Hinton Recreation Centre - Condition and Viability Assessment

**Table 4-6 Scenario 3: 25-Year Prioritized Lifecycle Forecast Summary**

Year	Renewals		Major Repairs	Construction	Decomm.	O&M		Revenue		Cash Flow
	Existing Facility	New Facility				Existing Facility	New Facility	Existing Facility	New Facility	
2025-2029	\$2,447,000	-	\$100,000	\$12,758,000	-	\$15,095,000	-	-\$4,107,000	-	\$26,294,000
2030-2034	-	-	-	\$89,307,000	\$888,000	\$9,057,000	\$7,304,000	-\$2,463,900	-\$2,098,000	\$101,995,000
2035-2039	-	-	-	-	-	-	\$18,260,000	-	-\$5,245,000	\$13,015,000
2040-2044	-	-	-	-	-	-	\$18,260,000	-	-\$5,245,000	\$13,015,000
2045-2049	-	\$1,749,800	-	-	-	-	\$18,260,000	-	-\$5,245,000	\$14,765,000
<b>Total</b>	<b>\$2,447,000</b>	<b>\$1,749,800</b>	<b>\$100,000</b>	<b>\$102,065,488</b>	<b>\$888,000</b>	<b>\$24,136,000</b>	<b>\$62,084,000</b>	<b>-\$6,570,900</b>	<b>-\$17,833,000</b>	<b>\$169,084,000</b>

## 5 FUNDING OPPORTUNITIES

This section provides a summary of available funding that could be applied to the three management plans for the facility. For each program, details are provided along with a link for more information. In addition to a funding scan, a jurisdictional scan was completed to identify what funding was provided to similar projects in other municipalities.

### 5.1 Available Funding

The funding scan identified a number of potential funds and grants that could be applicable to one or more of the management scenarios. However, several of the identified funds are specific to energy conservation or climate change mitigation or adaptation. As no specific conservation or mitigation/adaptation measures are built into the three scenarios, these funds are presented separately as measures would have to be incorporated into the scenarios for the funds to be applicable.

Applicability to each scenario is indicated in the table. Based on the review completed it is expected that grant funding between 10% and 35% should be accessible for new capital works in Scenario 2 and Scenario 3. Option 1 could likely obtain some level of grant funding but is likely to be at the lower end of the scale.

#### 5.1.1 Funding for Capital Renewals and Construction

**Table 5-1** summarizes available funding for the presented scenarios. Applicability to each scenario is indicated in the table. However, the precise amount of funding available to each scenario has not been specified because the total funds available under each funding program is often unspecified.

**Table 5-1 Available Project Funding**

Program	Source	Details	Available Funding	Scenario		
				1	2	3
<a href="#">Canada Cultural Spaces Fund (CCSF)</a>	Government of Canada	Covers the renovation of an existing arts or heritage space, including expansion or modernization. New construction was previously eligible, but was removed from the eligibility list.	Not specified.		●	
<a href="#">Community Recreation Centre Infrastructure Fund</a>	Government of Alberta (United Conservative Party (UCP) Platform)	The UCP announced that a re-elected UCP government will create this fund, ensuring growing communities have the needed facilities to stay healthy and have strong youth sports opportunities. This will fund mid-sized projects such as arenas, community pools, and indoor turf centres.	This new fund would contain a total of \$80 million over four years.	●	●	●
<a href="#">Investing in Canada Infrastructure Program (ICIP)</a>	Government of Canada	Through the Community, Culture and Recreation Infrastructure stream, the Government is investing in projects that: <ul style="list-style-type: none"> <li>• Improve cultural infrastructure, like museums and Indigenous heritage centres;</li> <li>• Support upgrades to recreation facilities, like arenas and both indoor and outdoor recreation spaces; and</li> <li>• Improve community infrastructure, like community centres and libraries.</li> </ul>	For municipalities with populations of greater than 5,000, the program will fund up to 40% of eligible costs. Provinces will have to cost-share on municipal projects at a minimum of 33.33% of eligible costs.		●	●
<a href="#">FCC AgriSpirit Fund</a>	Farm Credit Canada	This fund supports projects in communities of less than 150,000 that enrich the lives of community residents, including construction of or upgrades to community buildings. Projects must be completed within 2 years of receiving funding. Applications will reopen in spring of 2025.	\$1.5 million to distribute annually. Funding is divided across provinces according to rural populations to serve a wide reach of communities across Canada.		●	●

### 5.1.2 Funding for Energy Conservation and Greenhouse Gas Mitigation Projects

**Table 5-2** summarizes additional funding for infrastructure projects related to energy conservation, GHG mitigation, or climate change adaptation. Conservation, mitigation, or adaptation measures are not currently in scope of the three scenarios, so, at this time, the scenarios would not be eligible. If measures were incorporated into the project scopes, these funds could be applicable for the scenarios.

### 5.2 Jurisdictional Scan

A jurisdictional scan was completed to identify similar community/recreation centre upgrades or developments and their funding strategies. While some similar facility upgrades were identified, it was noted that several are from much larger communities than Hinton, and some of the included funding sources are no longer available.

#### Terwillegar Rec Centre, Edmonton

\$150,000 annually for 10 years is being to this recreation facility in exchange for a new, sponsored name. A local company donated the funds to the facility in exchange for naming rights for a 10-year contract period.

#### MNP Community & Sport Centre, Calgary

This facility is undergoing an \$87.5 million expansion. The City of Calgary is contributing \$57.5 million (66%) of costs, but received \$20 million in funding from the Province of Alberta and an additional \$7.5 million from the Lindsay Park Society. The expansion will include upgrades to the facility's pool, as well as enhanced gathering spaces, food and beverage outlets, and universal locker rooms.

#### G H Dawe Community Centre, Red Deer

The G H Dawe Community Centre expansion project is now complete. It was a \$44 million upgrade, including two National Hockey League standard ice surfaces, an expanded fitness area, and additional site access. A total of 63% of project costs were covered by funding sources, with \$15.1 million coming from the Government of Canada's ICIP, and \$12.8 million coming through a Provincial Municipal Sustainability Initiative (this funding stream has since closed).

#### Edson and Yellowhead County Recreational Multi-Use Facility

This proposed facility received a total of 25% total project funding through the ICIP, totalling to \$20 million of the all-in \$80 million in estimated project costs. The facility will be built on the current site, and include a new pool, arena, gymnasium, and renovations to the previous arenas, turning one into a curling facility. The remaining \$60 million in project costs not covered by the ICIP Grant will be evenly divided between the Town of Edson and Yellowhead County.

#### Jasper Recreation Facilities Renovation and Upgrade

The estimated cost for this renovation and upgrade to the facility's activity centre, arena, and fitness and aquatics centre is \$20.4 million. The municipality has secured \$3 million in grant funding from the provincial government, and another \$3.7 million in federal grant funding through the ICIP, for a total of 33% of overall project costs.

#### Dale Fisher Arena, Devon

The Town of Devon received a combined \$13.5 million in funding from provincial and federal government for their expansion of the Dale Fisher Arena. The Government of Alberta contributed \$6.13 million towards the project, and another \$7.4 million was contributed by the federal government through ICIP. With total project costs of \$18.4 million, this came to a total of 73% of costs covered by grants.



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Table 5-2 Additional Funding for Conservation, Mitigation, and Adaptation

Program	Source	Details
<a href="#">Community Energy Conservation Program</a>	Municipal Climate Change Action Centre (MCCAC)	This program provides financial rebates to municipalities to help identify energy-saving opportunities and implement retrofit projects in municipally owned facilities.
<a href="#">Green Municipal Fund (GMF): Adaptation in Action</a>	Federation of Canadian Municipalities	This fund is open to municipal governments and partners pursuing climate adaptation implementation projects to help communities adjust and respond effectively to the impacts of climate change. It is intended for communities already aware of climate risks. As the Town of Hinton has previously completed a Climate Risk Assessment, the projects could be eligible if suitable adaptation measures were implemented into the project scope.
<a href="#">GMF: Capital Project - Net Zero Transformation</a>	Federation of Canadian Municipalities	Loan and grant funding available to municipalities for constructing innovative infrastructure that has the potential to result in a significant contribution to net-zero. Project must be outside of the current 100-year floodplain of the most recent floodplain map. Note that an assessment of GHG reduction potential must be completed for projects to be eligible; GMF provides separate funding for studies and plans to achieve this.
<a href="#">GMF: Capital Project: GHG Impact Retrofit</a>	Federation of Canadian Municipalities	This fund covers the retrofit of a community building which results in a minimum 30% GHG emissions reduction when compared to baseline emissions.
<a href="#">GMF: Capital Project: GHG Reduction Pathway Retrofit</a>	Federation of Canadian Municipalities	This funding enables the implementation of longer-term, multi-measure retrofit capital project that contribute to 50% GHG reductions within 10 years and achieve best practice energy targets within 20 years. The project must be supported by a GHG reduction pathway feasibility study or equivalent. Feasibility Study funding is available through GMF.
<a href="#">GMF: Capital Project: Construction of New Sustainable Municipal and Community Buildings</a>	Federation of Canadian Municipalities	This fund covers the construction of a new, low-carbon municipally owned building. Construction should meet best practice energy targets and achieve zero operational GHGs, with the exception of emergency back-up grid. Community buildings must achieve an energy threshold of 25% below the National Energy Code of Canada for Buildings 2020 reference building. Note that this project should build on a completed feasibility study. Study funding is available through GMF.

## 6 SUMMARY AND NEXT STEPS

In this assessment, a high-level cost comparison of three options for the Dr. Duncan Murray Recreation Centre was presented. These are summarized in **Table 6-1**. The results of this assessment demonstrate that investment in the current facility will be required in the upcoming years to maintain service levels before a new or upgraded facility becomes operational. Preliminary results show that Scenario 2 provides the most significant improvement in service to users for the investment required. This assessment has focused on the investments required in each scenario, and not on changes to service level, so these findings may be revised during the development of the asset management plan.

**Table 6-1 Scenario Comparison**

Scenario	Renewal and Repairs	New Capital	O&M	Revenue	Cash Flow
Scenario 1	\$59,697,000	-	\$75,475,000	-\$20,530,000	\$114,640,000
Scenario 2	\$56,334,000	\$40,269,000	\$87,500,000	-\$24,859,000	\$155,596,000
Scenario 3	\$4,296,800	\$102,953,488 <sup>1</sup>	\$86,220,000	-\$24,404,000	\$169,084,000

<sup>1</sup> Includes decommissioning costs modelled for Scenario 3.

Based on the review undertaken in Section 5, it is expected that grant funding between 10% and 35% should be accessible for new capital works in Scenario 2 and Scenario 3. Option 1 could likely obtain some level of grant funding but is likely to be at the lower end of the scale.

In the next phase of this assessment, an AMP will be developed which will build upon this memorandum and further analyze one of the proposed scenarios, incorporating a focus on Council's preferred direction. The asset management plan will contain the current and desired level of service of the facility, a detailed financial forecast, and a funding model analysis. The asset management plan will continue to build upon the options review presented in this memo and include a cost-benefit analysis to provide a recommended path forward for the facility.

The services provided by Associated Engineering (Alberta) Ltd. in the preparation of this report were conducted in a manner consistent with the level of skill ordinarily exercised by members of the profession currently practising under similar conditions. No other warranty expressed or implied is made.

Respectfully submitted,

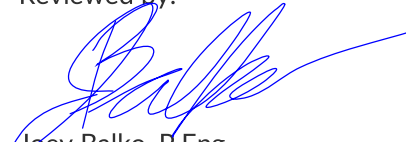
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