



Project
Leaders

Westhills YW/YMCA Langford Aquatic Centre

Options Assessment & Public
Feedback

CITY OF
Langford

Date: November 18, 2024

Prepared by: Colliers Project Leaders

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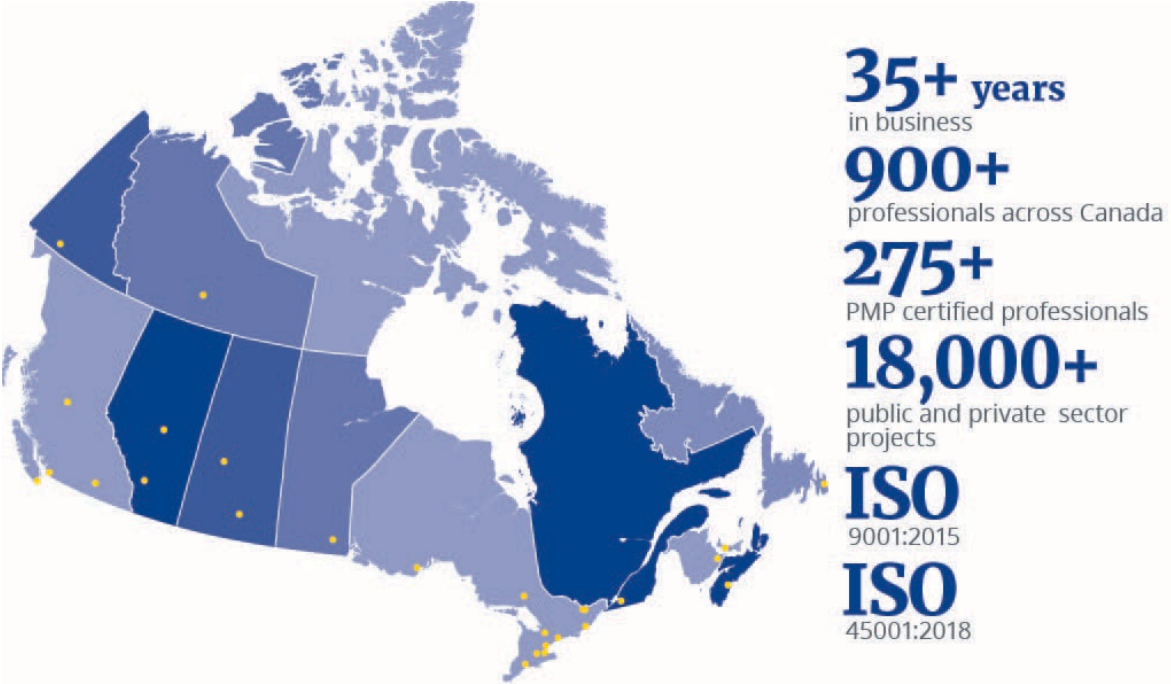
CITY OF
Langford



Agenda

- 01 Introduction
- 02 Options Assessment
- 03 Public Feedback
- 04 Next Steps
- 05 How to Provide Your Input

Section 1 – Introduction (Colliers Project Leaders)



Colliers Project Leaders – Infrastructure Advisory



Project Sponsor,
Dean Plater

RPA, PMP, Certified LEAN Six Sigma Green Belt, PROSCI Certified – Change Management



Project Lead,
Matthew Douglas

B.Comm, Chartered Professional Accountant (CPA)



Project Analyst,
Liam McAlea

B.Comm

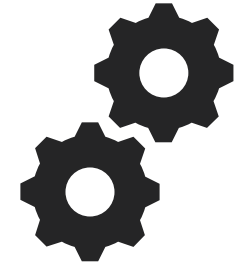
Section 1 – Introduction (Tonight’s Presentation)



The City of Langford is evaluating the potential purchase of the building containing the Westhills YW/YMCA Langford Aquatic Centre and nearby parking lot.



The contents of this presentation provides answers to public input received since November 4th, 2024, as they relate to scope of Colliers’ work.



This is not about the YW/YMCA as a Service Provider or the operations of the Recreation Facility.

Section 1 – Introduction (Why are we Here?)

As a reminder of the offer to sell, below are the terms of the offer:

- The offer includes the entire **building**, and **186 spaces in the parking lot** situated across the street.
- The sale price is **\$35,000,000 dollars**.
- The facility will include the Westhills name for 10 years.
- Offer to sell expires **December 17th, 2024**, and if accepted, the purchase is **finalized April 1, 2025**.
- The **City will be named in place of Westhills** in the relevant agreements.



Section 1 – Introduction (Supporting Reports)

What is Available on [LetsChatLangford.ca/YMCA](https://letschatlangford.ca/YMCA)?

1. **Colliers'** reports regarding the commercial review and options assessment.
2. **Advicas** report regarding the estimated lifecycle costs.
3. **A City Staff** report addressing important questions from public input that are outside the scope of Colliers' reports.

Section 1 – Introduction (Colliers' Objectives)

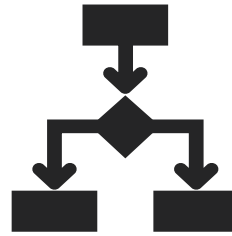
Phase 1 Commercial Review



The objectives were to clarify the responsibilities of Westhills, and the YW/YMCA as determined by the Lease Agreement and to allocate the estimated lifecycle costs to each party based on these responsibilities.

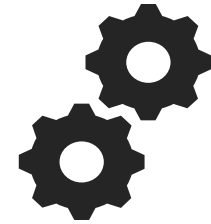
This work formed a commercial review of the terms and is not a legal opinion.

Phase 2 Options Assessment



The objective was to clarify the financial implications to help the City decide on the best course of action. Seven options for leasing or purchasing the facility were evaluated, each with different financial commitments and anticipated obligations.

Phase 3 Decision Framework



The objective was to develop a decision framework in the form of a critical path to support the potential decision.

This phase does not have a report.

Section 1 – Introduction (Colliers' Role)

In response to an important question asked by the public:

Through their involvement in this purchase decision, is Colliers Project Leaders in conflict of interest by collecting commission on the sale of the Westhills YW/YMCA Langford Aquatic Centre?

- Colliers Project Leaders, or any affiliates, do not have an interest or input regarding this purchase and sale transaction of the Westhills YW/YMCA Langford Aquatic Centre, and therefore are not collecting a commission.
- Colliers Project Leaders does not execute sale or purchase transactions.
- Colliers Project Leaders was engaged by the City to conduct due diligence work to support Council's determination of the best path forward.

Section 1 – Introduction (Colliers' Role)

In response to an important question asked by the public:

A Principle working for Colliers Project Leaders also sits on the Board of Directors for the YW/YMCA. Does this not indicate a conflict of interest?

- The YW/YMCA of Greater Victoria does not have an interest or input into the potential decision to purchase the Westhills YW/YMCA Langford Aquatic Centre.
- The Principle working for Colliers Project Leaders has recused themselves from Board meetings involving any related discussions.
- As a Chartered Professional Accountant, I am bound by the ethical codes of conduct by my profession. If there was a conflict of interest, I would have to excuse myself otherwise my professional credentials would be at risk.

Section 2 – Options Assessment



Colliers' Findings

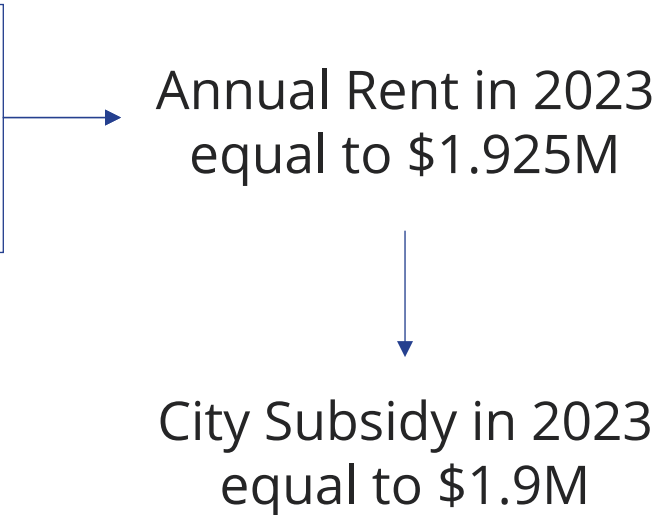
Section 2 – Options Assessment (Colliers’ Findings)

Commercial Review

Further details and context provided in Colliers’ Phase 1 report on

[LetsChatLangford.ca/YMCA](https://letschatlangford.ca/YMCA)

- 1 As a tenant, the YW/YMCA is obligated, through the lease agreement, to pay annual base and additional rents.
- 2 Base rent refers to the minimum amount of rent the YW/YMCA is obligated to pay Westhills under the lease agreement. Terms exist to provide Westhills the ability to increase base rent over time.
- 3 Additional rent refers to fluctuating costs the YM/YWCA may be charged that are not included in the base rent.
- 4 The lease agreement passes on facility **operating and lifecycle costs** as additional rent to the YW/YMCA. This is a combination of their proportionate share (82.4%) of common facility costs and 100% of the aquatic facility costs.



Section 2 – Options Assessment (Colliers’ Findings)

Options Assessment

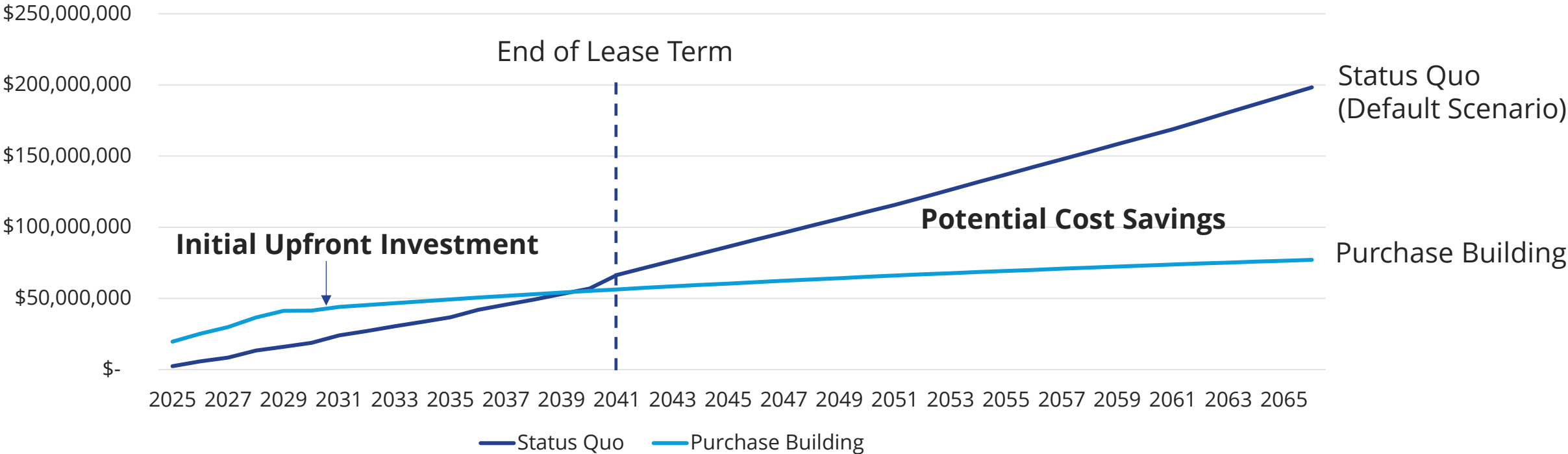
Option	17-Year Cumulative Cost	42-Year Cumulative Cost
Status Quo – Default Scenario	\$66,547,876	\$198,322,450
Purchase the Building	\$56,346,872	\$77,109,121

The underlying assumptions used to estimate these results can be found in Colliers’ Phase 2 report on [LetsChatLangford.ca/YMCA](https://www.letschatlangford.ca/YMCA)

Section 2 – Options Assessment (Colliers’ Findings)

Phase 2 Findings

Estimated Cost Results



Section 3 – Public Feedback



Public Feedback

Section 3 – Public Feedback (Status Quo – Default Scenario)

In response to an important question asked by the public:

Why was the Status Quo – Default Scenario used as a comparison of costs to the purchase decision?

- The City has considered the operational costs of alternative aquatic facility models but will address questions about facility operations later, as it remains contractually obligated to guarantee the lease's financial obligations regardless of the operator.
- The Status Quo – Default Scenario is representative of the City's understanding of how the current arrangement is most likely to evolve if the City decides not to purchase the building.
- Because there are an infinite number of scenarios that could be considered, the Status Quo – Default Scenario was developed using information known today.

Section 3 – Public Feedback (Status Quo – Default Scenario)

Why was the Status Quo – Default Scenario used as a comparison of costs to the purchase decision?

For context, the Status Quo – Default Scenario represents the likely financial obligations to the City. Under this scenario, these obligations reflect 100% of the YW/YMCA's lease obligations and not their operating costs:

- The YW/YMCA had requested additional subsidies in 2023 that were approximately equal to their annual rent obligations. If this was not received, the YW/YMCA could have ceased operations; and
- The City understands that the YW/YMCA's current rent charged by Westhills is less than what is allowable under the lease agreement, and by way of potential increases in base rent and anticipated lifecycle costs, these current obligations are likely to increase; and
- The City understands that the YW/YMCA could not historically cover their lease obligations. This indicates that any future rent increases, or otherwise, as it relates to the obligations of the lease agreement will need to be covered by the City through additional subsidies, or the YW/YMCA could cease operations.

Section 3 – Public Feedback (Status Quo – Default Scenario)

How was the Status Quo – Default Scenario estimated?

Assuming for the next 17 years

- Base rent increases 115% every 5 years over the next 17 years (allowable under the lease agreement); and
- Additional rent increases in alignment with historical trends reported by Westhills; and
- The anticipated lifecycle costs estimated by Advicas for the next 17 years materialize:

Then the estimated cost of the YW/YMCA's cumulative Annual Rent over 17 years is equal to **\$66.5M**.

Section 3 – Public Feedback (Status Quo – Default Scenario)

How was the Status Quo – Default Scenario estimated?

Assuming for the next 42 years

- Base rent increases 115% every 5 years over the next 42 years; and
- Additional rent increases in alignment with historical trends reported by Westhills; and
- The anticipated lifecycle costs estimated by Advicas for the next 17 years materialize; and
- Colliers' estimate of lifecycle costs from 2041 through 2066 materialize:

Then the estimated cost of the YW/YMCA's cumulative Annual Rent over 42 years is equal to **\$198.3M**.

Section 3 – Public Feedback (Status Quo – Default Scenario)

In response to an important question asked by the public:

Why are the lifecycle costs identified in Colliers' Phase 1 report different than what has been presented on November 4, 2024?

- Colliers Phase 1 Report indicates the net present value of the estimated lifecycle costs provided by Advicas in 2024 dollars.
- The estimate of lifecycle costs in 2024 dollars is \$7.3M. This figure is equal to the estimated cumulative cost of \$14.8M, when factoring inflation over 17 years.

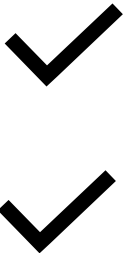
Section 3 – Public Feedback (Status Quo – Default Scenario)

In response to an important question asked by the public:

Why did Colliers not account for lifecycle costs beyond the first 17 years for the purchase option?

- Colliers Phase 2 Report indicates the assumptions used to estimate the lifecycle costs from 2041 through 2066.
- Colliers estimated the next 25 years of lifecycle costs using industry best practice, supplementing Advicas estimate of lifecycle costs for the first 25 years.
- Both the Status Quo – Default Scenario and Purchase Building Scenario cost estimates contain the same lifecycle cost estimates for both the 17-year and 42-year periods as the City anticipates paying for these costs, regardless of either scenario.

Section 5 - Next Steps (Timelines)



Meeting Type	Information Shared	Meeting Date
Council Meeting	Colliers' presentation of due diligence.	Nov 4, 2024
Council Meeting	Public input and clarification questions from Council. No deliberation.	Nov 18, 2024
Council Meeting	Continued public input, Council deliberation, and possible Council decision.	Dec 2, 2024
Special Council Meeting	(If necessary) - Final date for public input, Council deliberation and decision to purchase the facility or not.	Dec 16, 2024

Section 6 – How to Provide Your Input (Have your Voice Heard)

Future Council Meeting Dates for Discussion and Deliberation

Monday December 2, 7pm
Monday December 16 (if necessary), 7pm

Visit:
Langford.ca/meetings

For Detailed Information Visit:
LetsChatLangford.ca/YMCA

Provide Written Submission to:
LetsChat@Langford.ca





Project
Leaders

Thank you