



# ***Quesnel Technics Gymnastics Club***

## **Business overview and analysis of capital investment options**



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**Final version Nov. 12, 2015**

*Funding assistance for this report was received from the  
Northern Development Initiative Trust and the City of  
Quesnel*



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## Acknowledgements

The Quesnel Technics Gymnastics Club (QTGC) thanks the City of Quesnel and the Northern Development Initiative Trust for their financial support of this planning project.

Preparation of this report was a team effort that strongly engaged QTGC directors and other volunteers, and QTGC staff. The project was coordinated by Jim Savage of Savage & Associates, who also provided research, sections of the report, and editing. Westcoast CED Consulting Inc. played a key role: Kate Cumming conducted most of the research and writing, Victor Cumming provided technical oversight and text contributions, and Karol Hansma assisted with document formatting. Phil Christie of Icon Construction Ltd. and Christie Construction Services coordinated preparation of construction estimates. Duncan Patterson, CPA, developed financial projections and other analysis based on QTGC's financial information.

## Summary

The Quesnel Technics Gymnastics Club (QTGC; the Club) has been serving the North Cariboo since 1975. It is the second-largest youth sports club in the region, and is one of the few sports in the community in which girls predominate.

However, the Club's current premises at Maple Drive School are part of a School District restructuring process. The School District has applied again this year for capital to repurpose the school, and if that is approved, the school may be unavailable to the Club within the next 24 to 36 months.

Regardless of the Maple Drive timeline, QTGC is challenged with an uncertain, year-to-year tenure that does not allow it to invest in improvements or plan ahead. It is prudent to act now on an alternative facility. There are no suitable existing locations in Quesnel that the Club could relocate to, so it's strongly recommended that local governments form a partnership with the Club to develop a new facility. The City of Quesnel's \$207,000 capital reserve for the facility is an important step towards a new partnership.

Development of a new, larger gymnastics facility will also deliver important community benefits beyond benefits to youth and families involved in gymnastics: 1) a superb foundational sports development asset for cross-training with other sports (for example, snowsport aerobatics and figure skating), 2) a key asset for retaining and attracting residents (the Club has several examples of this already), and 3) on its own, and combined with the soccer arena, a new venue for large indoor events.

This report discusses several risks associated with building a new facility. However, this analysis suggests that the most significant risk associated with the Club may be the risk that it will be seriously harmed, and many hundreds of youths poorly served, if QTGC must leave Maple Drive School with no-where to go.

### *New facility proposal: addition to the soccer arena*

QTGC has been working on plans for a permanent home since the 1980s. The scenario discussed in this plan is a building adjacent to the Quesnel Youth Soccer Association facility.<sup>1</sup> The new plan builds on previous work and calls for a building with 9,600 sq. ft. of space (8,000 sq. ft. footprint with an upper mezzanine of about 1,600 sq. ft.). Construction would require about six months. The estimated cost is \$1.24 million.<sup>2</sup> Cost escalation risk is relatively low as the building design will be simple, per the needs of the Club, and no surprises are expected regarding ground conditions and other important variables.

A gymnastics facility attached to the soccer arena, on land owned by the City, presents several advantages over other options:

1. less capital cost than a stand-alone facility (approximately \$200,000 in savings by sharing services like parking and electrical, and considerably more savings from avoiding the purchase of land),
2. less operating cost than a stand-alone facility (e.g., one building manager instead of two);
3. a purpose-built facility for the QTGC will create a more usable, flexible and energy-efficient space compared to a renovation,

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<sup>1</sup> Permission for that investigation was received from both the QYSA and the property and building owner, the City of Quesnel. Due to ceiling height and span requirements, no existing buildings would be suitable for the Club.

<sup>2</sup> This estimate is based on "safe budget" submissions from two firms: Icon Construction/Christie Construction Services of Quesnel and JDG Construction of Vancouver (the latter is a design-build firm specializing in metal buildings). Contingency: +/- 10%.

4. the soccer club could obtain additional capacity (e.g., storage) more cost-effectively than if there was no construction taking place,
5. larger events can be held by soccer, gymnastics and other groups, driving revenue and local economic opportunities, and
6. the QTGC can readily adapt to the governance model used effectively by the QYSA and the City (local government-owned facility managed by a non-profit group, ensuring that operational costs are lower than if the service was provided directly by local government).

### **Capital financing options**

QTGC cannot fund both capital and operating costs of a new (or renovated) facility on its own in the prevailing grant-finding environment. QTGC operations are self-supporting so long as its rent is low, but it has very limited ability to support loans or other forms of credit. However, QTGC can reassign current rental, utility, insurance and building repair costs towards capital and/or operating costs. The QTGC's maximum contribution could likely be about \$31,500 in year 1.<sup>3</sup>

Local governments could help create and operate a new gymnastics facility next to the soccer arena for an annual commitment of \$70,000 to \$100,000 per year. This is a preliminary “order of magnitude” estimate based on the estimates currently available and may shift during construction and operations. The estimate above is based on the assumptions and analysis in this report, which rest on

1. two construction quotes for a new facility adjacent to the soccer arena,
2. a long operational track record for the Club,
3. Municipal Finance Authority financing at preferential rates, and, to be conservative,
4. no grant funding to build the facility and no use of the City's \$207,000 capital reserve.

The estimate above, of the annual contributions required, are conservative because the capital reserve and grants would quite likely be accessed. The estimate is intended to give local governments and the Club a sense of the commitment required. The local government contribution could be lower than \$70,000 if significant membership growth is achieved with a new facility, and/or if revenue generation and cost-saving opportunities can be realized. However, it's important to be realistic, and not place too much financial pressure on fundraising volunteers, as that could hurt programming. The estimated amount is similar to the facility contract provided to the Quesnel Youth Soccer Association, but includes the cost of both capital and operations.

The partnership approach proposed for the project—which we could call an NP<sup>3</sup> (“non-profit/public partnership”)—is commonly, successfully and increasingly employed by local governments to develop and cost-effectively operate recreational and cultural facilities in partnership with user groups. Variations of that model are already used locally (for example, with the soccer association).

### **Operational viability**

QTGC has operated successfully for 40 years; operating deficits have been uncommon. Given the long history of the Club and the dedication of parents and kids, Quesnel has among the highest gymnastics

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<sup>3</sup> The estimation of the maximum payment that could be supported by QTGC is likely reasonable, as the estimates do not take into account any increase in registration revenues as a result of the improved facility.

participation rates in the BC Interior (2.1 percent of the population compared to 1.2 percent in Kelowna and Prince George, and 0.7 percent in Vernon).<sup>4</sup>

Registration has grown steadily over the years, and increased by 45 percent since 2012 alone; forty to fifty percent of local participants live inside City boundaries.<sup>5</sup> The Club offers many recreational and competitive gymnastics programs, serves almost 600 students in its school programs, hosts regional events, and participates in competitions around BC. See [www.quesnelgymnastics.ca](http://www.quesnelgymnastics.ca) for more information on QTGC's programming.

QTGC depends on modest provincial government grants to augment registration fees and other revenues (projected to be 13 percent of revenue in 2016). The Club has strived to obtain local government support since the 1980s, and in recent years, the City of Quesnel established a capital reserve fund of approximately \$200,000.

The operation is lean, with little or no room for additional cost savings. The best opportunity for revenue expansion—essential for replacing equipment, for example—is likely membership expansion driven by a new facility. This expectation is supported by experience elsewhere. For example, the Okanagan Gymnastics Club almost doubled its membership from 1,262 in 2002 to 2,328 members in 2005 after construction of a new facility. Membership in the North Valley Gymnastics Club in Vernon expanded by 68 percent (225 members to 378) when it moved to a permanent facility in 2012.

Although the regional population is expected to remain relatively flat over the next decade, the Quesnel area has a 0-14 youth population 10 percent higher than the BC average (17 percent compared to 15.4 percent).<sup>6</sup> Given the membership increases achieved during flat or declining population growth from 2012 to the present, participation in QTGC's programs in a new facility will likely be stable or continue to grow. Its strong operational track record indicates that QTGC is ready and able to support a new home and expanded membership.

### *Conclusions and next steps*

The following questions are critical when examining the viability of the QTGC's proposal for a new facility—or the viability of any other group's proposal. The results of this planning project are used to answer each question, below.

- a. Is the activity important in the community?

Yes, as demonstrated by the Club's 40 year history and participation levels.

- b. Does the group have a strong financial and program management track record, and has the group used public resources wisely?

Yes, as demonstrated by its 40 year stable financial history.

- c. Are the group's programs financially self-supporting?

Yes, as demonstrated by its 40 year stable financial history, so long as rent is relatively low.

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<sup>4</sup> Registration compared to 2014 Census Metropolitan population estimates (BC Statistics: <http://www.bcstats.gov.bc.ca/StatisticsBySubject/Demography/PopulationEstimates.aspx>; see BC Census Metropolitan Area and Census Agglomeration Population Estimates 2011-2014-3.xls)

<sup>5</sup> Personal communication with QTGC representatives.

<sup>6</sup> Statistics Canada <http://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-pr-eng.cfm?Lang=Eng&GC=59>

d. Is there a need for the capital expenditure?

Yes: the current facility may not be available to the Club in 24 to 36 months, and regardless of the timeline, is challenged with an uncertain, year-to-year tenure that does not allow it to invest in improvements or plan ahead. It is prudent to act now on a new facility.

e. Have all practical lower cost building alternatives been ruled out?

Yes: although the facility design can be simple, it must have sufficient square footage to serve existing participants with room for reasonable expansion, with a high enough ceiling to safely allow key activities. Realistically, no other facilities are available that can be safely and cost-effectively used as a new home for the Club.

f. Does the group likely have the capacity to maintain membership and grow?

Yes: the Club has grown steadily despite local economic conditions, and membership will very likely grow with a new facility if the experience in other communities is a guide.

g. Can the group continue to operate and find a new home on its own?

No: the Club typically operates with a small operating surplus after extensive fundraising work by volunteers. They can't take on significant debt, and it's unlikely that they can do more without aid.

This report therefore concludes that the QTGC has the track record and necessary prospects to successfully partner with local governments on development of a new gymnastics facility in Quesnel.

### *Next steps*

Time is of the essence for the QTGC and its membership.

- a. An active partnership should be created as soon as possible wherein local governments commit to developing a new gymnastics facility in exchange for QTGC's commitment to make a substantial monthly contribution.
- b. All parties in this approach will be highly motivated to
  - i. obtain the largest possible share of external grants and community donations,
  - ii. design and build the facility as cost-efficiently as possible,
  - iii. incorporate the highest practical standards for energy use to reduce operational costs,
  - iv. design for integration with soccer arena operations to save costs on both facilities,
  - v. design the facility with revenue generation in mind, and
  - vi. design a partnership that gives a strong incentive to increase membership and improve programming.
- c. The most rapid progress will be achieved if local governments assign staff and additional funding to support the next stage of project development and financing: preliminary design and engineering, and major grant proposals.
- d. A partnership agreement should be established at the outset. Numerous communities have models to share, if required.

## Scope of this report

QTGC originally commissioned this report to assess the viability of purchasing the former Gold's Gym facility, and the project was funded to that end. Considerable analysis was conducted on the Gold's option, including assessment of renovation costs and five year financial projections under various ownership scenarios.

However, mid-way into this process, the Gold's building was sold to another party and is not available to QTGC. With the agreement of project funders, the concept shifted to a new facility built adjacent to the existing soccer arena. A renovated facility may cost less than a new one but may not be suitable in the long run. A new facility as proposed would be purpose-designed for QTGC, and could be a win-win with the Quesnel Youth Soccer Association (QYSA; the soccer association).

Co-location with the soccer arena was discussed some years ago when the soccer arena was initially planned. The QYSA supported the concept of co-location then, as it does now, but local governments were not prepared at that time to commit financing for a new QTGC facility given their effort to build a new ice arena and theatre in Quesnel (the multicentre project).

## Business overview and capital investment analysis

*“(Both) Canadian Sport for Life (CS4L) and the International Olympic Committee recognize athletics, swimming and gymnastics as the three foundation sports. They advocate that every child should learn to swim, run, jump and balance their body, and that early participation in a gymnastics program is instrumental in developing fundamental sport skills and enhancing physical literacy in young children.”<sup>7</sup>*

### 1 Organizational overview

Quesnel's gymnastics club has been servicing the community for over 40 years. It began as Southside Gymnastics Club in 1975 and was renamed Quesnel Technics Gymnastics Club (QTGC) in 1995. QTGC's goal is to provide positive gymnastics experiences and promote the benefits of gymnastics as a foundation for human movement, sport, health, and enjoyment to all residents of Quesnel and surrounding areas. The Club strives to increase programs and registration in all age groups while maintaining a safe and fun environment.

For most of its history, the Club has relied on access to school gyms for its operation. School District 28 provided limited access to Maple Drive and Lakeview Elementary schools until 1995, and then briefly to Pinecrest Elementary School. The Club then rented space at the Barlow Creek Community Hall for a couple of years. In 1998, the Club moved to the industrial shop premises of Fireside Heating for five years.

At the end of the Fireside lease in 2003, the Club entered into a new arrangement with School District 28 for full-time use of the Maple Drive School Gym, the Club's current location. The School District's current restructuring process will result in a comprehensive reorganization of school facilities, and as part of that, the School Board has applied again this year for capital from the BC Government to

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<sup>7</sup> *Business Plan for a Gymnastics Facility*. North Peace Gymnastics Association. 2014. Yates, Thorn, & Associates Inc., p 6.

renovate Maple Drive. If the application is successful in this round, Maple Drive School will not be available to the Club within two to three years.

QTGC has been an active supporter of sport events hosted in Quesnel including: coordinating the gymnastics venue and providing all equipment for the 1993 Northern BC Winter Games in Quesnel; coordinating the gymnastics venue at the 2000 Winter Games; hosting the Gold Pan Invitational Meet annually since 2004; and periodically hosting the Gymnastics BC Zone 8 Championship.

Based on a competitive team of gymnasts, QTGC has also actively participated in BC events, including the Northern BC Winter Games, four to six gymnastics competitions per year throughout BC, BC provincials and BC Winter Games, and the annual Northern Gymnaestrada.

The overall development of the sport in BC is spearheaded by Gymnastics BC (GBC). As a GBC member organization, QTGC connects to the strengths of provincial initiatives. GBC guides the development, governance, and promotion of the sport in BC and connects the Quesnel club to the national and international bodies, the IOC, and the broader sports community.

## 2 Business concept

### 2.1 Product and services description

Based on 40 years of experience, QTGC offers a wide range of gymnastics programs, both recreational and competitive, to a range of athletes from preschoolers to adults. While recreational programs start with a 50/50 gender split for the programs aimed at children under the age of five, the other recreational programs have more girls than boys. The competitive programs have traditionally been female dominated. The tumbling and trampoline program caters to the growing interest of boys in competitive programs.

Participation fees for 20 week sessions vary from \$209 to \$239 for classes with one hour per week of instruction, \$378 to \$430 for classes with two hours per week of instruction, and \$545 to \$800 for classes with three to four hours per week of instruction. All the fees for the recreational classes range between \$9 and \$12 per hour of instruction per student. The Club also offers discounts for students taking multiple classes or families with several children enrolled. The fees for the competitive program vary depending on hours of instruction. For participants in competitive programs, fees can be much higher, and volunteer time is compulsory for parents.

#### *Recreational*

##### *Pre-school Recreational Programs (Kindergym, Parent & Tot)*

The pre-school recreational program philosophy is one of creative activity time. Pre-schoolers are engaged in age appropriate, safe activities that promote mental stimulation, cooperation, self-esteem, confidence, physical ability, and spatial and body awareness. Pre-schoolers do experience activities that include memory and listening skills, cooperative social skills, balance, coordination, strength, agility, speed, safety landings, passing and receiving skills.

##### *Drop-in Playground*

##### *CanGym Badge Programs (Burgundy, Red, Tan, Bronze, Purple, Blue, Turquoise, Silver)*

The school age recreational "CanGym" program philosophy is one of fun, fitness, and fundamentals. The programs follow a Canada wide gymnastic curriculum that allows the gymnasts to develop their skills in an incremental manner. As they progress through each badge, the athlete builds new skills based on their previous skills and abilities. Children will progress through the badges at their own pace and will

receive progress and achievement cards at the end of each session that chart the skills learned and mastered. The levels burgundy through bronze are co-ed with segregation occurring in all classes purple and up.

#### *CanJump Certificate Programs (Tumbling and Trampoline)*

These programs follow a recognized trampoline and tumbling curriculum that develops skills in an incremental manner. Athletes choosing the CanJump program will learn both tumbling and trampoline skills within the same class environment, and may progress at a different pace in each event within a twelve level progressive program.

#### *Boys Club*

Using the national badge program, this program develops skills through safe progressions while presenting them with boys' energy in mind.

#### *Acro Performance*

A girls' only class aimed at developing gymnastic acro sport skills, pair, trio, and group routine building, conditioning, and dance choreography.

#### *Parkour/Free Running*

This class involves using only your body and your surroundings to propel yourself, while trying to maintain as much momentum as is possible in a safe manner.

#### *Junior and High School*

Based on a philosophy of fun and fitness, classes are developed to provide an atmosphere where it is fun to get and stay fit. These classes are aimed at Grade 8 -12, and include all levels and abilities. They are designed to support BC School Sports and focus on skill building while encouraging all teen athletes to represent their High School by participating in competitions, if desired.

#### *Adult Gym*

This class is aimed at flexibility training and conditioning for all levels of Gymnastics training. It is for those 19 years and older.

#### *Pre-competitive and competitive*

##### *InterClub*

The philosophy for the Interclub is one of competitive fun that works on putting skills together into Artistic Gymnastics routines. All Interclub athletes are encouraged to compete in the Gold Pan Invitational meet and the Prince George Invitational meet. Meets provide gymnasts with the opportunity to demonstrate their skills that they have incorporated into routines.

##### *Competitive Programs (Artistic and Tumbling & Trampoline)*

The philosophy for the Competitive program is one of competitive team commitment. These athletes will attend a number of provincial "judged events." These athletes are focused and train with the goals of self-improvement, skill and strength building, and routine execution.

#### *Other activities*

##### *Special Needs*

Physical education for special needs children.

##### *Gymskool Program*

This program provides gymnastics to local schools and home schooled children.

## Events

QTGC hosts birthday parties and other special events.

It is noteworthy that gymnastics is one of the very few sports in the community whose image and pursuit, from a gender perspective, are not dominated by males, but rather by females.

## 2.2 Facility development plan

### *Description of the proposed facility*

QTGC has been working on plans for a permanent home, and has strived to obtain local government support, since the 1980s. In recent years, the City of Quesnel established a capital reserve fund of approximately \$207,000 for the Club.

QTGC has not located suitable industrial or commercial space in the Quesnel area that can be renovated to accommodate the gymnastics club. Therefore, QTGC seeks a new gymnastics facility to support its growing local gymnastics program and enhance Quesnel's community sports capacity. The Club may lose its current location at a school gym soon, and QTGC's lack of space limits the services it can offer and its capacity to accommodate membership growth.

Gymnastics positively contributes to youth development, builds community social capital, and supports social networks and cohesion in Quesnel. An enhanced gymnastics program in an expanded facility will benefit the community by fostering one of its favourite sport disciplines, supporting a growing group of young gymnastics enthusiasts, and significantly increasing Quesnel's capacity to host multi-disciplinary sport events with external participation. Those events materially benefit the local economy.

The most recent plan proposes an addition to the Quesnel Youth Soccer Association (QYSA) facility.<sup>8</sup> The new plan builds on previous work and calls for a building with 9,600 sq. ft. of space (8,000 sq. ft. footprint with an upper mezzanine of about 1,600 sq. ft.) and about 25 feet of ceiling height to accommodate all regular gymnastic disciplines.

The larger facility must be able to accommodate a vault and run up track, trampolines, parallel bars, uneven bars, high bar, rings, balance beams, a sprung floor, and a six foot deep foam pit. The Club has been unable to have an in ground foam pit at their current location in the Maple Drive Elementary School gym, within its 6,824 square feet. All higher performance, comprehensive gymnastics clubs typically have in ground foam pits though there are smaller clubs who have built raised podium pits to avoid digging underground.<sup>9</sup>

The facility would also have change rooms, offices, a meeting room, lunch room, washrooms, a concession, and a viewing gallery. The meeting room, viewing gallery and the main gym would be used whenever practical to generate funds from special events, like birthday parties.

Construction would require about six months, as the building is simple with minimal internal structure. The estimated cost is \$1.24 million.<sup>10</sup> Cost escalation risk is relatively low as the building design will be simple, per the needs of the gymnastics club, and no surprises are expected regarding ground conditions and other important variables.

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<sup>8</sup> Permission for that investigation was received from both the QYSA and the property and building owner, the City of Quesnel. Due to ceiling height and span requirements, no existing buildings are suitable for the Club.

<sup>9</sup> *Business Plan for a Gymnastics Facility*. North Peace Gymnastics Association. 2014. Yates, Thorn, & Associates Inc.

<sup>10</sup> This estimate is based on "safe budget" submissions from two firms: Icon Construction Ltd. of Quesnel and JDG Construction of Vancouver (the latter is a design-build firm specializing in metal buildings). Contingency: +/- 10%.

A gymnastics facility attached to the soccer arena presents several advantages over other options:<sup>11</sup>

1. less capital cost than a stand-alone facility (approximately \$200,000 in savings by sharing services like parking and electrical, and considerably more savings from avoiding the purchase of land, as the building would be sited on City land),
2. less operating cost than a stand-alone facility (e.g., one building manager instead of two);
3. a purpose-built facility for the QTGC will create a more usable, flexible and energy-efficient space compared to a renovation,
4. the soccer club could obtain additional capacity (e.g., storage) more cost-effectively than if there was no construction taking place,
5. larger events can be held by soccer, gymnastics and other groups, driving revenue and local economic opportunities, and
6. the QTGC can readily adapt to the governance model used effectively by the QYSA and the City (local government-owned facility managed by a non-profit group, ensuring that operational costs are lower than if the service was provided directly by local government).

A possible issue with soccer co-location is that parking may have to be reduced and/or moved. This is likely manageable, but requires good planning. Secondly, the soccer arena is already a large building, and a new QTGC building will increase the visual impact. This also requires good design.

Due to servicing and land cost savings, the co-location option is significantly less costly than constructing a new standalone facility in a separate location. With the construction of the soccer facility, much of the site development work has already been done in terms of ground work and utilities access. Co-location of the two sport disciplines should also result in operational synergies and save money for all parties.

QTGC believes that a new, larger facility would increase both membership and event activity levels. This expectation is supported by experience elsewhere. For example, the Okanagan Gymnastics Club almost doubled its membership from 1,262 in 2002 to 2,328 members in 2005 after construction of a new facility. Membership in the North Valley Gymnastics Club in Vernon expanded by 68 percent (225 members to 378) when it moved to a permanent facility in 2012.

### 2.3 Project construction cost estimate

Phil Christie of Icon Construction Ltd. and Christie Construction Services, and JDG Construction of Vancouver (the latter is a design-build firm specializing in metal buildings) have provided similar construction cost estimates (see Table 1, which uses the higher of the two estimates) for a pre-engineered 8,000 square foot building located adjacent, but not structurally connected, to the west wall of the existing soccer building.

The estimate below is based on drawings prepared some years ago for co-location of soccer and gymnastics, and includes approximately 1,500 square feet of offices, storage, and utility areas, a viewing platform, and 400 square feet of trampoline or foam pits. Both estimators believe that, given the existence of drawings, the simplicity of the building, the known site factors, and co-location with the soccer arena, a contingency of +/- 10% is reasonable. However, these estimates must be considered as preliminary, as the design and circumstances may change.

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<sup>11</sup> The gym will be free-standing, but “attached” to the soccer arena in that it will be built immediately beside the arena so that services could be shared. The soccer arena and gym would look like one building.

Table 1 – Construction cost estimate

Item	Cost
Foundation	\$ 130,000
Metal Building and Insulation	300,000
Electrical	90,000
Mechanical and Plumbing	100,000
Foundation for Pits	40,000
Office Space	90,000
Sprinklers	30,000
General Requirements (Permits, Engineering)	50,000
Site Works	50,000
Viewing Platform	45,000
Contingencies (10%)	100,000
Overhead and Contractor Profit (15%)	153,750
Sub Total	1,178,750
GST	58,938
<b>Total</b>	<b>\$ 1,237,688</b>

## 2.4 Comparable facilities

### *Okanagan Gymnastics Club, Kelowna*

Founded in 1981, the Okanagan Kokanees Gymnastics Club started its gymnastics program in vacant warehouses in Kelowna. In 2001, this club was successful in obtaining public grants and financing to build a new 15,000 square feet gymnastics facility, featuring an in ground foam pit.

The Municipal Finance Authority (MFA) reports that the Club partnered with the City of Kelowna which paid 50 percent of the cost of the new \$1.2 million building. The City of Kelowna borrowed \$500,000 that is being repaid by the club over a period of 20 years. A few months after its completion in November 2001, enrolment in the club rose by 30 percent, an increase attributed to the quality of the facility.

The Kelowna club provides services to a market of approximately 122,000<sup>12</sup> people, with 14.6 percent under the age of 14<sup>13</sup>, in addition to the children who come from surrounding communities in the south, central, and north Okanagan to train at the larger, more competitive club. This has made Okanagan Gymnastics one of the largest clubs in BC, with 2,200 members.

### *North Valley Gymnastics, Vernon*

The North Valley Gymnastics Club, based out of Vernon, opened in 1993, taking over the gymnastics programs offered by the Boys and Girls Club. The programs were offered mainly out of school gyms, first

<sup>12</sup> City of Kelowna 2014 Community Trends Report

<http://apps.kelowna.ca/CityPage/Docs/PDFs/Communications/2014-Community-Trends-Report-OnlineDisplay.pdf>

<sup>13</sup> Statistics Canada <https://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-cma-eng.cfm?LANG=Eng&GK=CMA&GC=915>

at Beirsto Elementary School, then Armstrong Elementary School, and then the Vernon Recreation Center in recent years as gymnasium availability reduced. In the spring of 2012, the club acquired a permanent facility in a 5,000 square foot commercial space. With the move to the permanent space, which has a sprung floor but does not include a foam pit, the club increased from 225 members with 100 on the waiting list, to 378 members registered per seasonal session.<sup>14</sup> The Vernon club provides services to a market of approximately 59,000 people including Coldstream and surrounding electoral areas and First Nations communities; 14.4 percent are under the age of 14.<sup>15</sup>

### *Smithers Saltos Gymnastics, Smithers*

The Smithers Saltos Gymnastics Club operates out of a former BC Ministry of Transportation maintenance building and yard on land owned by the Town of Smithers. Since 2004, the club has leased the 5,000 square foot building from the Town and covers the operating costs through registrations and provincial gaming grants. The building was renovated to accommodate the required features and gymnastics equipment including an in ground foam pit and was financed through club fundraising and grants. The club had approximately 340 members in 2014, including 40 competitive gymnasts, serving a market of approximately 10,795 people with 19.7 percent under the age of 14.

### *Terrace Peaks Gymnastics, Terrace*

The Terrace Peaks Gymnastics club moved into their current 5,500 square foot facility in 1991. The club leases the land from the Regional District and paid for the construction of the facility largely on their own through fundraising and the donation of a prominent member's death benefits. The facility features an above ground 6 foot deep foam pit. The club has a high number of drop ins and registered members of approximately 500, serving a population of approximately 15,569 people including the City of Terrace, surrounding electoral areas, and First Nations communities, with 19.6 percent under the age of 14.

## **3 Market**

### **3.1 Population growth**

The population of the City of Quesnel and its surrounding areas has fluctuated over the past 30 years (see Figure 1). Historically, the area's economy has been dependent on its rich natural resources. The regional population peaked about 20 years ago, fell somewhat until about ten years ago, and has slowly started rising again. The effects of the mountain pine beetle outbreak on the regional forest industry are largely complete, but further production declines and layoffs are likely. However, there has been an increase in younger residents.<sup>16</sup> According to projections from BC Statistics, the population of the Quesnel Local Health Area is expected to remain stable over the next 10 years, reaching 24,000 in 2017 and increasing marginally year to year, to 24,854 in 2025.<sup>17</sup>

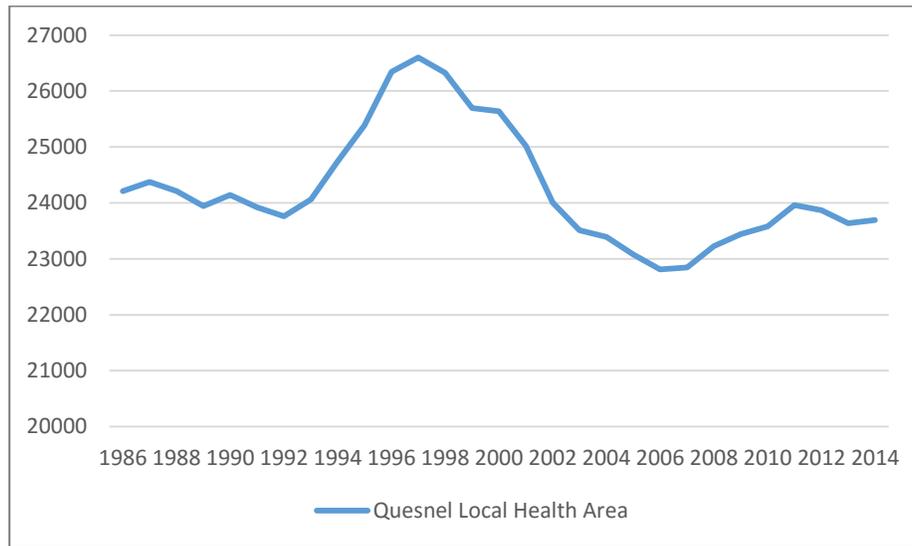
<sup>14</sup> Vernon Morningstar <http://www.vernonmorningstar.com/news/209567041.html>

<sup>15</sup> Census 2011 <https://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-cma-eng.cfm?LANG=Eng&GK=CMA&GC=918>

<sup>16</sup> See Table 2, below.

<sup>17</sup> BC Stats <http://www.bcstats.gov.bc.ca/StatisticsBySubject/Demography/PopulationProjections.aspx>

Figure 1 Population growth<sup>18</sup>



Quesnel’s population age distribution has remained close to the provincial average (see Table 2), but at 17 percent for the 0-14 age group is 1.6 percent higher compared to BC as a whole. It is expected that the age distribution will remain steady, providing a consistent demand for children’s activities and active programming in the city.

Table 2 – Population by age group

Age Groups	Quesnel (Census Agglomeration)		British Columbia <sup>19</sup>	
	2011	2006	2011	2006
<b>0 – 14</b>	17.0%	18.1%	15.4%	16.5%
<b>15 – 64</b>	67.4%	68.6%	69.0%	68.9%
<b>65 +</b>	15.2%	13.3%	15.7%	14.6%

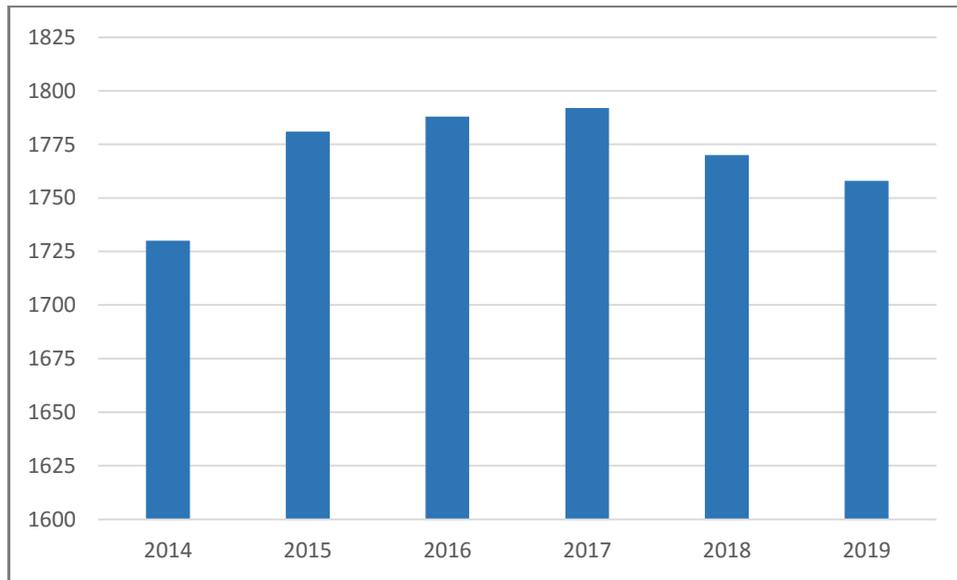
Projections from School District 28 (see Figure 2) confirm that Quesnel’s population in the 0-14 age group is expected to remain largely unchanged over the next 5 years. Elementary school enrolment is expected to increase in 2015 from 1,730 students to 1,781, reach a peak of 1,792 students in 2017, and return to 1,758 students in 2019.<sup>20</sup>

<sup>18</sup> BC Stats

<sup>19</sup> Statistics Canada <http://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-pr-eng.cfm?Lang=Eng&GC=59>

<sup>20</sup> SD 28 Budget Planning 2015-2016

Figure 2 – Elementary school enrolment projections for SD 28



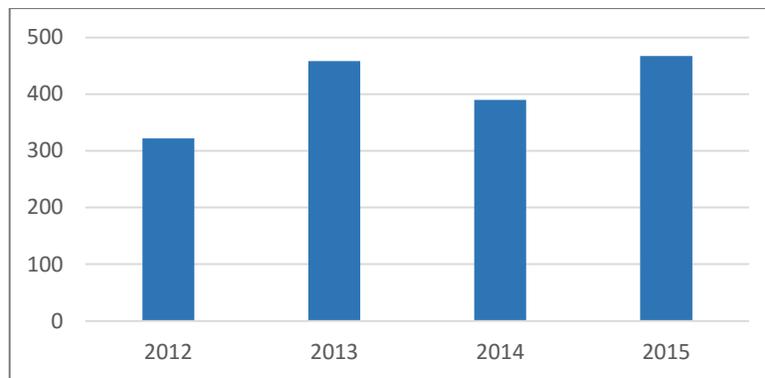
Source: SD 28 Budget Planning 2015-2016

### 3.2 Gymnastics in Quesnel and in BC

Quesnel has one of the highest participation rates in gymnastics in the Interior: approximately 2.1 percent of the population participates in gymnastics compared to 1.2 percent in Kelowna and Prince George, and 0.7 percent in Vernon.<sup>21</sup>

QTGC’s membership base has gradually expanded over the years, but the rate of membership growth has increased more rapidly in recent years (by 45 percent from 2012 to 2015, according to the Club). The Club has also been able to solicit strong participation in peripheral activities such as hosting Gymnastics BC Zone 8 Championships, recreational-educational demand by the School District, birthday parties, and other events. The club’s Gymskool program has remained popular with five local schools; 597 students participated in 2014.

Figure 3 – QTGC Members



<sup>21</sup> Research conducted by Westcoast CED that compared gymnastics participation in these communities with population statistics.

QTGC believes that a new, larger facility would increase both membership and peripheral activity levels. The numbers are near maximum (see Figure 3) due to the size of the current facility, and if the Club were able to remain in that facility, it could not handle much further growth due to limited space. With its strong operational track record, QTGC is ready to build on its success of the previous years, solid youth population and interest in gymnastics to continue expansion based on a new larger facility.

### Gymnastics in BC

Corresponding to BC’s population distribution, BC’s largest clubs by membership are in the Greater Vancouver and the Okanagan area. The Cariboo Chilcotin Gymnastics Association in Williams Lake is, with 425 members, a club of similar size to QTGC, while the Prince George Gymnastics Club with 1,059 members is the largest club in Northern BC.

According to Gymnastics BC, gymnastics has been growing steadily in popularity in recent years, from approximately 32,000 registered members in 2007 to 41,000 members in 2014, as shown in Figure 4.

These membership statistics do not include other peripheral activities that many clubs offer, including Quesnel’s drop-in classes, hosting of kids birthday parties, recreational-educational programs with school districts, and other events. These other activities can make up a significant portion of a club’s overall participation.

Figure 4 – BC gymnastics participation

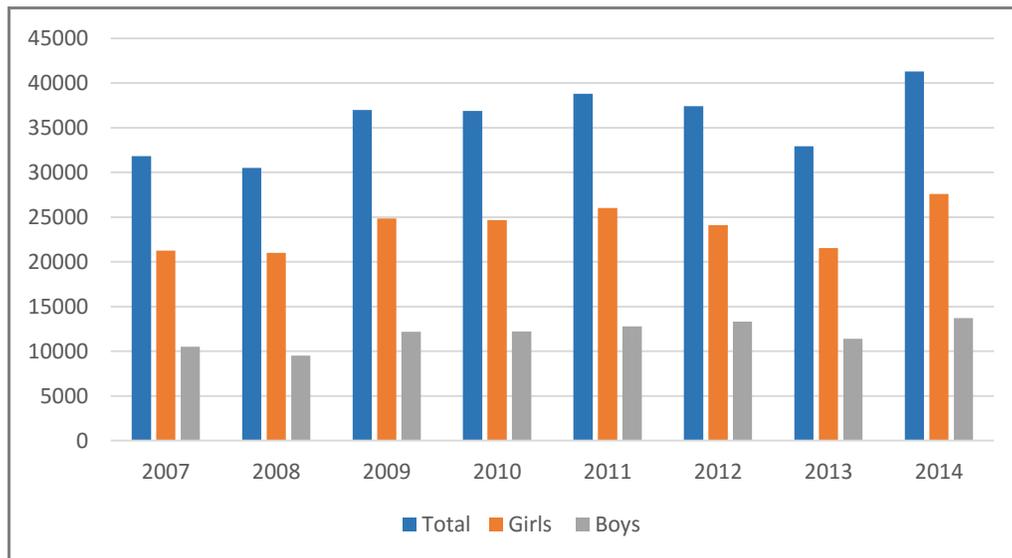
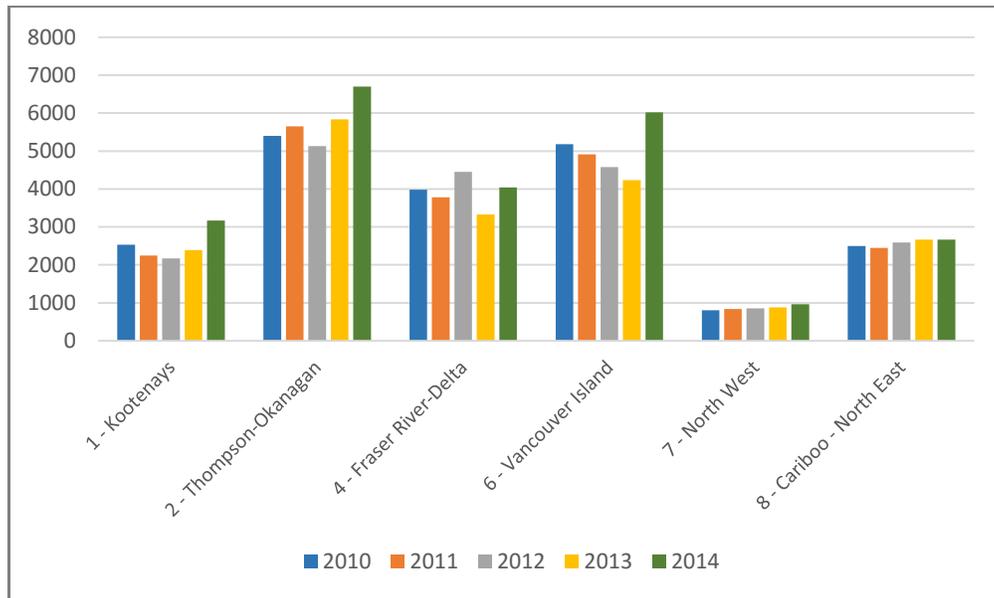


Figure 5 shows gymnastics participation in BC by BC Summer Games regions, excluding the Vancouver and Fraser Valley regions. Overall participation in gymnastics clubs in BC varies by population but is trending upwards in every region.

Figure 5 – BC gymnastics participation by region



### Girls in gymnastics

The majority of QTGC’s members are female, following the common trend for all gymnastics clubs in BC, as shown in Figure 4. The programs for younger children, such as Kindergym, tend to be almost equally boys and girls, but as the ages progress, the portion of female participants increases. The boys’ club is entirely male, and the trampoline programs are also popular with the boys; however, the other recreational programming and CanGym badge programs are almost entirely girls. In the 2015 season, the QTGC had one boy on their competitive team.

### 3.3 Recreation funding in Quesnel

The QTGC is the second largest sports club in Quesnel, after the soccer association (see Table 3, below), and is one of the few sports in the community in which girls predominate (see Figure 4, above, for BC-wide gender data). The soccer association currently receives an annual \$70,000 contract from the City of Quesnel (the City) to operate their indoor soccer facility, the construction of which was largely financed by grants. The hockey arenas in Quesnel were financed entirely through the Cariboo Regional District (CRD) as a sub-regional activity that includes City taxpayers; the arenas are operated by the City. The Quesnel and District Minor Hockey Association, Quesnel Ringette Association and Quesnel Figure Skating Club pay rental fees to the CRD to use the facilities. The North Cariboo Recreation and Parks Service, which includes the City, absorbs the annual deficit for the ice arenas (almost \$600,000 in 2014).

The QTGC currently does not receive any operating funds from the CRD or the City. If it received even modest support compared to ice sports, it could lower fees, or improve and expand programming, and increase its fundraising efficiency (see discussion of revenue generation below).

Table 3 – Comparison of gymnastics to other youth sports

Sport	Youth registrants <sup>22</sup>	Registration costs 2015/16	Personal equip. costs	Local gov't support	
				Annual operations	Facilities
<b>Soccer</b>	550	\$79 to \$189 depending on age, time of registration	minimal	\$70,000	From City: \$1mm towards \$3mm building, plus land
<b>Gymnastics</b>	457	\$209 - \$800/year depending on age, time of registration, and number of instructional hours	minimal	\$0	\$0
<b>Hockey, ringette and figure skating combined</b>	625 <sup>23</sup>	\$99-\$500 for full seasons. Varies w/ age, registration date, and whether new or returning player (ringette & hockey)	Substantial for hockey and ringette	Major support <sup>24</sup>	Major support (e.g., \$17mm projected for new arena)

## 4 Management and staffing

### Management

QTGC is a non-profit organization largely run by volunteers. QTGC is governed by a Board that is elected by the membership annually and normally consists of at least five members: President, Vice President, Treasurer, Secretary, and Director-at-Large.

Executive Board meetings are held monthly. The Board sets Club policies, provides direction and supervision of management, and monitors Club operations and performance.

### Staffing

QTGC operates with numerous paid positions: a business coordinator, a program coordinator, a janitor, and 11 registered coaches including a head competitive coach and a head recreational coach. These jobs amount to five “full time equivalent” jobs (FTEs). As well, the Club supports the training of Club members to judge at competitive meets throughout the province. These judges travel to meets at the expense of the host club. Many of the Club’s teenagers start their first job as a coach-in-training, passing on their skills and enjoyment of the sport while acquiring valuable leadership and coaching skills.

### Impacts on management and staffing with a new facility

The floor area for gymnastics in the proposed new facility is about 17 percent larger than the existing facility. Programming will remain largely the same at first, but there is room for reasonable growth. The main impacts of a new facility on management may be if the new facility comes with operational

<sup>22</sup> Soccer and gymnastics numbers are for 2015; ice sports estimates are based on 2014/15 numbers.

<sup>23</sup> Estimated as follows based on 2014/15 numbers: hockey 340, ringette 160 and figure skating 125. Final 2015/16 numbers for all youth ice sports will not be available until December 2015.

<sup>24</sup> Net cost of arenas’ operation in 2014 was \$593,390, according to the City (youth sports are a major user).

support from local governments. If that is the case, programming and fundraising activities may change to improve quality and efficiency, and membership growth may increase more sharply than expected. However, those changes will probably not require much more management capacity, given the Club’s 40 year track record. Please note the discussion below on fundraising and revenue generation.

## 5 Capital financing options

Based on what local governments have done in other jurisdictions, a range of capital purchase options are available. The following discusses three possible options, but only Option 3 appears to be feasible for QTGC. All options below are based on a capital cost estimate of \$1.24 million.

### 1) QTGC constructs and owns the new building

Under this scenario, the Club would be responsible for fundraising a minimum 20 percent down payment either itself or through grants (which would likely require local government support), and paying the resulting annual expenses including mortgage, property taxes, and maintenance. For this option to work, the QTGC would require approximately \$66,000 of additional income in each of the first five years (compared to the 2016 financial projections of the Club). See Year 1 in Table 4, below.

This option is impractical because it could take years for the Club to raise the funds for the down payment, on top of the core fundraising they must already do, but they do not have years before their tenure at the school ends. It’s also impractical because the Club does not have anywhere near the annual surplus required to pay the mortgage and operating costs. Obtaining more than double the annual resources currently available from Club operations would likely overtax the volunteers needed to run the programs and facilities.

Table 4 – Capital financing - Option 1

	Year 1
Mortgage Interest	57,269
Mortgage Principal	23,834
<b>Total Mortgage Payments</b>	<b>81,103</b>
Insurance	3,000
Heat and Light	8,000
Maintenance - Building	3,000
Maintenance - Lot	1,200
Property Taxes	0
City Utilities	1,200
Subtotal	97,503
Less Present Occupancy Costs	31,500
<b>Additional annual income required</b>	<b>66,003</b>

### 2) QTGC enters a lease-to-own agreement with local governments

Under this scenario, a combination of grant funding and financing through local governments would be used to construct the building. Then the QTGC and local governments would enter into an agreement that the QTGC would lease-to-own the building, with a title transfer at the end of the lease term. This option could also take advantage of the lower interest rates on capital purchases available to local governments through the Municipal Finance Authority (MFA), assuming that elector assent rules are met—which is not a given. Assuming an annual interest rate of 3 percent in

this example, the financing would require an annual lease of \$72,708, as well as payment of insurance and maintenance costs. To make those payments, QTGC would require approximately \$54,000 of additional revenue on average in each of the first five years; see Year 1 in Table 5, below. This option needs the lowest annual funding but requires the Club to raise a minimum 20 percent down payment. This option is also impractical, for the reasons noted for Option 1 above.

**Table 5 – Capital financing - Option 2**

	<b>Year 1</b>
Portion deemed to be Interest	46,211
Available to reduce purchase price	23,303
<b>Total Payment</b>	<b>69,514</b>
Insurance	3,000
Heat and Light	8,000
Maintenance Building	3,000
Maintenance Lot	1,200
Property Taxes	0
City Utilities	1,200
Subtotal	85,914
Less Present Occupancy Costs	31,500
<b>Additional annual income required</b>	<b>54,414</b>

### 3) Local government constructs and owns the new building

Under this scenario, the Club would enter into a management agreement with local governments and pay a monthly contribution towards debt servicing, maintenance and upgrading expenses. This would be similar to the arrangement between user groups and the CRD/City's ice arenas. If local governments construct the building, access could also be obtained to financing from the MFA if elector assent rules are met. In this option, the Club is not required to come up with a 20 percent down payment, and the analysis estimates an annual lease of \$90,170 if QTGC paid for all costs. The QTGC would require approximately \$72,000 of additional income in each of the first five years. See Year 1 in Table 6, below.

See discussion of this option in the conclusion section below the table.

**Table 6 – Capital financing - Option 3**

	<b>Year 1</b>
Mortgage Interest	62,506
Mortgage Principal	27,664
Total Mortgage Payments	90,170
Rent	90,170
Insurance	0
Heat and Light	8,000
Maintenance - Building	3,000
Maintenance - Lot	1,200
Property Taxes	0
City Utilities	1,200
Subtotal	103,570
Less Present Occupancy Costs	31,500
<b>Additional annual income required</b>	<b>72,070</b>

### *Conclusions regarding capital investment options*

Option 3 above, where local governments provide or lever resources to build the facility, appears to be the only practical option available to the Club. Likewise, if local governments wish to preserve and expand the services of the second most popular youth sport in Quesnel, and by far the largest that primarily serves girls, it makes practical sense to form a partnership with the QTGC to “get it done.”

This conclusion results from the understanding that QTGC cannot fund both capital and operating costs of a new or renovated facility on its own in the prevailing grant-finding environment. QTGC operations are self-supporting so long as its rent is low, but it has very limited ability to support loans or other forms of credit. However, QTGC can reassign current rental, utility, insurance and building repair costs towards capital and/or operating costs of a new facility. The QTGC’s maximum contribution could likely be about \$31,500 in year 1.<sup>25</sup>

Local governments could help create and operate a new gymnastics facility next to the soccer arena for an annual commitment of \$70,000 to \$100,000 per year. This is a preliminary “order of magnitude” estimate based on the estimates currently available and may shift during construction and operations.

The “order of magnitude” estimate above is based on the assumptions and analysis in this report, which rest on 1) two construction quotes for a new facility adjacent to the soccer arena, 2) a long operational track record for the Club, 3) Municipal Finance Authority financing at preferential rates, and, to be conservative, 4) no grant funding to build the facility and no use of the City’s \$207,000 capital reserve. It is a conservative estimate because the capital reserve and grants would quite likely be accessed.

The estimate is intended to give local governments and the Club a sense of the commitment required. The local government contribution could be lower than \$70,000 if significant membership growth is achieved with a new facility, and/or if revenue generation and cost-saving opportunities can be realized.

<sup>25</sup> The estimation of the maximum payment is likely reasonable, as the estimates do not take into account any increase in registration revenues as a result of the improved facility. However, it may not be wise to plan based on the maximum possible contribution, as noted.

However, it's important to be realistic, and not place too much financial pressure on fundraising volunteers, as that could hurt programming. The estimated amount is similar to the facility contract provided to the Quesnel Youth Soccer Association, but includes the cost of both capital and operations.

The partnership approach proposed for the project—which we could call an NP<sup>3</sup> (“non-profit/public partnership”)—is commonly, successfully and increasingly employed by local governments to develop and cost-effectively operate recreational and cultural facilities in partnership with user groups. Variations of that model are already used locally.

## 6 Financials

### 6.1 Operating profit and loss and projected budget for 2016

The Club's operating budget was about \$200,000 in 2013 and rose steadily to about \$270,000 in 2015. It typically operates at about break-even: net revenue was about -\$12,000 in 2013, \$11,500 in 2014, \$16,000 in 2015, and is projected to be -\$1,000 in 2016. Financials are included in Appendix 1.

According to QTGC's recent financial statements and projected budget for 2016, competitive revenue increased by 10.4 percent from 2014 to 2015 year-to-date (YTD) and is expected to increase by 4.5 percent from 2015 YTD to 2016. This does not take into account the impact of a new facility on registrations. Recreation revenue is expected to remain consistent with 2015 YTD in 2016, and Gymskool registrations are expected to increase by 23 percent.

The Club currently receives annual funding from provincial community gaming grants and Via Sport grant. In 2015 YTD, the QTGC received \$28,390 in grants, or 11.25 percent of total annual revenue, and it is expected that in 2016 the Club will receive \$34,810 in grants, or 12.8 percent of total revenue. The provincial gaming grant in 2016, at \$24,810, is expected to remain consistent with 2015 YTD and 2014 and the Via Sport grant is expected to increase to \$10,000. The two grants are the extent of the public funding support for the Club.

Expense projections for the 2016 fiscal year appear to be reasonable estimates that are consistent with 2015 YTD and 2014. The 2016 budgeted income statement shows an increase in the allotment for wages as well as an increase in a few notable expenses, including an additional \$5,000 budgeted for equipment purchases, an additional \$2,000 for building repairs and maintenance, and an additional \$4,000 for utilities. Those increased expenses lead to an estimate of \$31,500 for rent and building expenses in 2016, up from \$26,523 in 2015 YTD. That figure—\$31,500—represents the estimated maximum funds available from the Club to finance a new facility if it were open in 2016.

The expense increases expected for 2016 are largely responsible for the budgeted deficit of \$1,035 expected in 2016 after net income of \$15,968 in 2015 YTD and \$11,445 in 2014.

### 6.2 Cost-saving opportunities

The QTGC is efficiently run with little room for cost efficiencies in its current facility. It has a 40 year history of successfully covering operating expenses largely independently with minimal government support. The Club relies heavily on a strong volunteer contingent to organize fundraisers, which requires major energy on the part of those volunteers.

One area where cost savings will be realized with a new facility is energy consumption. The Club is currently located in an old school, and the Club's energy utility bills are about \$1,000 to \$1,200 per month averaged over the year. A new facility would be dramatically more energy efficient than the current facility, even if it just reaches new building code standards, let alone if higher standards are

used.<sup>26</sup> Although the new facility would be a little larger than the existing one, the Club could perhaps expect savings of \$300 to \$400 per month or more, which is significant for the Club's budget.

### 6.3 Fundraising and revenue generation opportunities

The Club has many more ideas for fundraising than it currently employs, as volunteer commitments are already high. If local government support could be obtained for some parts of its operations, the Club could re-organize its extensive fundraising activities to focus on those with the highest yield for the time and money invested.

A potential way to increase bottom line cash flow with minimal volunteer input would be a small increase in class size, which presumably will result in little marginal cost increase. This would need to be planned carefully so that program quality is not reduced.

In a new facility, the Club also has an opportunity to develop modest revenue centres. Those include

- a. corporate advertising (which already appears in local ice arenas),
- b. leasing of a concession space,
- c. a small store that includes workout gear and various accessories,
- d. additional gymnastics and other events, and
- e. rental of space to other groups compatible with the type of space that a gymnastics club has (for example, martial arts, yoga and aerobics).

Yates, Thorn & Associates prepared a business plan in 2014 for a new gymnastics facility in Ft. St. John. Research and survey work conducted for that plan yielded the following additional revenue generation ideas:<sup>27</sup>

- a rock-climbing wall that would take advantage of the 25 foot high ceiling and the availability of cushioned matting,
- an indoor golf driving range (which would require large curtains, and could be a partnership opportunity with a golf course or courses), and
- a "participant capital levy," which is added to the registration fees of sports participants and used to raise capital over time and/or pay for capital costs already incurred (a method that airports commonly use).

Both the rock climbing wall and driving range would likely be managed by outside partners, and could generate monthly rental income.

If financing for the facility is confirmed, it's recommended that the design process consider revenue generation linked directly to the facility. Opportunities that are designed into the new facility, and which involve minimal or no volunteer time to manage, would clearly be best. Examples include a concession/store space, facilities designed to allow other groups to easily rent space by the month, and space design and equipment that facilitate larger events by various types of groups.

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<sup>26</sup> If higher standards are used, construction costs will increase, but operational savings from practical efficiency measures will pay for higher construction costs over time—and often quite quickly.

<sup>27</sup> *Business Plan for a Gymnastics Facility*. North Peace Gymnastics Association. 2014. Yates, Thorn, & Associates Inc., p. 32-35.

Finally, since solar electric generation technology is improving and rapidly declining in cost, the roofs of both the soccer facility and proposed gymnastics facility may present further opportunities for revenue generation.

### ***Building repair and equipment depreciation fund***

If the QTGC and local governments move forward with construction of a new facility and purchase of improved equipment, it is critical that Club plan for when the building will need to be repaired and equipment replaced. The timing of repair and replacement will be different for different components of the building and pieces of equipment. Thus, the Club and local governments will need to create a renewal schedule and corresponding depreciation fund to allocate funds each year towards future building repair and equipment replacement (this is presumably standard practice for local governments anyway). Development of a depreciation schedule is beyond the scope of this analysis, and can best be done when the building components and equipment complement of a new facility are nailed down.

## **6.4 Forecasting operating profit and loss in a new facility**

As noted in the “scope” section near the beginning of this report, forecasting was conducted for the former Gold’s Gym facility, but that work is not relevant to the current plan.

For the purpose of discussing a partnership with local government, the strong decades-long track record of the Club allows all parties to confidently base new projections on the previous financials included in this plan. The main utility of those financials is to estimate the annual contribution that the Club could make to the operations of a new facility.

If a non-profit/public partnership moves forward, serious investigation of revenue-generation approaches like those noted in this plan can move forward, and be integrated with overall planning.

## **7 Risks and mitigating factors**

The key risks and mitigating factors discussed below are in the context of using public financing to construct a new gymnastics facility in Quesnel. However, this analysis suggests that the most significant risk associated with the Club may be the risk that it will be seriously harmed, and many hundreds of youths poorly served, if QTGC must leave Maple Drive School with no-where to go.

### ***Decrease in membership demand***

The largest source of revenue for the QTGC, by far, is membership fees. Unlike government grants, which are a fairly small part of overall revenue, a significant decline in membership would be a major blow to the Club. Due to ongoing economic challenges from the pine beetle and other issues, there is a risk of a decrease in demand for competitive and recreational memberships from the community.

That risk is balanced by these facts:

- a. Local economic impacts from the pine beetle, and the global recession that started in about 2008, have so far been strongest during the years that the Club grew its membership by 45 percent. During the same period, demand for other activities, such as Gymskool, remained constant.
- b. While overall population growth is expected to be flat for the next number of years, an increase in the proportion of younger kids compared to adults is starting to work its way through the local school system. That is likely part of the reason that membership has grown, and should continue to grow or at least be stable for the medium term.

- c. Quesnel has an established culture of strong participation in children’s recreation programs, and since the Club is committed to offering high quality gymnastics programming and coaching, that has likely also helped the Club grow its membership.
- d. In other examples of new facilities elsewhere reviewed for this plan, membership grew strongly once a new facility was built. This also seems likely to occur in Quesnel (though hopefully not at the significant expense of other organized sports).
- e. If the Club obtains local government operational support, it could lower participation fees or improve and expand programming, both of which will attract new members.

While the risk of a decrease in membership appears to be low, to be prudent the Club plans a new facility around a conservative membership growth expectation.

Quesnel is striving to diversify economically, and part of that effort focuses on in-migrants driven by lifestyle choices. A quality gymnastics facility as envisioned by the Club will provide an important new amenity with which to attract newcomers and help retain residents, and will add to an impressive set of other new or relatively new amenities.

#### ***Reduction of BC government operational grants***

The Club’s projected financial statements have been prepared under the assumption that funding through grants will remain constant or increase. Projected revenues for 2016 include \$24,810 from provincial gaming grants and \$10,000 from Via Sport grants, totalling 13 percent of total revenue. Grant revenue has been trending upward: from 8 percent of total revenue in 2013 to 11 percent in 2015.

The Club’s government funding could decrease in future years, but the Club is skilled at getting grants, so it’s likely reasonable to assume that grants will continue for the next few years at minimum. That said, non-profit groups need to be wary of too much reliance on non-core grants, and should expect fluctuations from year to year.

Although grants for the Club have gradually risen in the last few years, the percentage of revenue from grants remains fairly small. Therefore loss of government grants would not be a major problem, but would cause stress on programs. To mitigate this risk, Club management stays informed and connected in BC sports organizations so that it is alerted to funding program changes or new funding sources.

Finally, the Club’s push to obtain local government aid is an important strategy for stabilizing public funding support and free up time and energy for programs. Partnership with local governments will also provide an ongoing opportunity to leverage more grant funding than the Club currently receives, although success is not guaranteed.

#### ***Decreased availability of quality coaching staff***

For some communities in Northern BC, the limited availability of quality coaching staff has been a constraint. For example, for the 2016 season, the Club cannot offer parkour classes due to the loss of a coach.

In order to mitigate the risk that reduced coaching staff availability could hinder the Club, the QTGC has an established coaching training program that encourages their young members to undergo coach training, supports certification efforts, and offers competitive compensation.

Most importantly, a new facility will very likely increase membership—and therefore revenue to pay coaches. A new facility will also be attractive to prospective coaches.

### *Construction cost increase*

Construction cost estimates sometimes change significantly between the quote and actual construction. There are often unexpected developments and related costs with construction projects of this size. In addition, there is a risk that between the time of the estimate, and the time of construction, the market price for key inputs such as steel will rise.

To mitigate the risk of cost escalation, QTGC has obtained a quote from an experienced local construction estimator (the firm that accurately estimated costs for the existing soccer facility), and one from a Vancouver firm specializing in steel structures. The two quotes are similar, which provides confidence regarding the accuracy of the cost estimate shown in this plan.

The proposed facility is a simple building design, similar to the soccer arena. Risk of cost escalation is further mitigated by the fact that the soccer facility, to which the gymnastics facility would be attached,

- is a relatively new building,
- is sited on ground familiar to the City and construction contractors, so no surprises are expected, and
- key services, such as water and power, would be piggy-backed onto for the gymnastics facility. Since those services are known quantities, and the core services are already installed, surprises are not expected on this front.

The construction cost estimate includes 10 percent for contingencies, and the 15 percent “overhead and contractor profit” line item assumes that all contingencies will be used. This adds additional buffer.

All of that considered, the construction cost estimates are preliminary. If the project proceeds to development, the next phase will include design and engineering, which will provide more confidence regarding cost estimates.

### *Conclusions and next steps*

The following questions are critical when examining the viability of the QTGC’s proposal for a new facility, or the viability of any other group’s proposal. The results of this planning project have been used to answer key questions, below.

- a. Is the activity important in the community?  
Yes, as demonstrated by the Club’s 40 year history and participation levels.
- b. Does the group have a strong financial and program management track record, and has the group used public resources wisely?  
Yes, as demonstrated by its 40 year stable financial history.
- c. Are the group’s programs financially self-supporting?  
Yes, as demonstrated by its 40 year stable financial history, so long as rent is relatively low.
- d. Is there a need for the capital expenditure?  
Yes: the current facility may not be available to the Club in 24 to 36 months, and regardless of the timeline, is challenged with an uncertain, year-to-year tenure that does not allow it to invest in improvements or plan ahead. It is prudent to act now on a new facility.

- e. Have all practical lower cost building alternatives been ruled out?

Yes: although the facility design can be simple, it must have sufficient square footage to serve existing participants with room for reasonable expansion, with a high enough ceiling to safely allow key activities. Realistically, no other facilities are available that can be safely and cost-effectively used as a new home for the Club.

- f. Does the group likely have the capacity to maintain membership and grow?

Yes: the Club has grown steadily despite local economic conditions, and membership will very likely grow with a new facility if the experience in other communities is a guide.

- g. Can the group continue to operate and find a new home on its own?

No: the Club typically operates with a small operating surplus after extensive fundraising work by volunteers. They can't take on significant debt, and it's unlikely that they can do more without aid.

This report therefore concludes that the QTGC has the track record and necessary prospects to successfully partner with local governments on development of a new gymnastics facility in Quesnel.

### *Next steps*

Time is of the essence for the QTGC and its membership.

- a. An active partnership should be created as soon as possible wherein local governments commit to developing a new gymnastics facility in exchange for QTGC's commitment to make a substantial monthly contribution.
- b. All parties in this approach will be highly motivated to
  - vii. obtain the largest possible share of external grants and community donations,
  - viii. design and build the facility as cost-efficiently as possible,
  - ix. incorporate the highest practical standards for energy and other resource use to reduce operational costs,
  - x. design for integration with soccer arena operations to save costs on both facilities,
  - xi. design the facility with revenue generation in mind, and
  - xii. design a partnership framework that gives the QTGC a strong incentive to increase its membership and improve its programming.
- c. The most rapid progress will be achieved if local governments assign staff and additional funding to support the next stage of project development and financing: preliminary design and engineering, and major grant proposals.
- d. A partnership agreement should be established at the outset. Numerous communities have models to share, if required.

## Appendix 1: Existing financials and 2016 projection

### *Quesnel Technics Gymnastics Club - Statement of Income and Expenditures*

	Budget to Aug 31, 2016	2015 Year to date	Year to Aug 31 2014	Year to Aug 31 2013
<b>INCOME</b>				
<i>Competitive Revenue</i>				
Registrations	58,500	56,006	50,728	40,570
Fund raising	425	425	1,902	-1,201
<b>Total Competitive Revenue</b>	<b>58,925</b>	<b>56,431</b>	<b>52,629</b>	<b>39,369</b>
<i>Recreation Revenue</i>				
Registrations	107,200	107,691	95,210	94,969
Clothing			4,498	5,584
<b>Total Recreation Revenue</b>	<b>107,200</b>	<b>107,691</b>	<b>99,708</b>	<b>100,553</b>
<i>Gymskool</i>				
Registrations	12,000	9,743	10,333	9,083
<b>Total Gymskool Revenue</b>	<b>12,000</b>	<b>9,743</b>	<b>10,333</b>	<b>9,083</b>
<i>Grants</i>				
Provincial Gaming Grant	24,810	25,390	24,190	15,700
Via Sport Grant	10,000	3,000	500	
<b>Total Grants</b>	<b>34,810</b>	<b>28,390</b>	<b>24,690</b>	<b>15,700</b>
	Grants as percent of revenue	13.0	11.0	10.0
				8.0
<i>General Revenue</i>				
Donations	2,500	1,865	2,820	1,935
Rev: Birthday Parties	4,000	2,985	3,115	4,628
Goldpan Revenue	12,000	10,096	12,819	5,829
Goldpan Donations	2,000	890	1,550	0
Interest	30	4	29	3
GBC Insurance /Zone Fees	11,000	10,322	8,466	8,056
Fund raising	15,000	12,630	19,746	13,242
NSF Cheques	0	0	-53	-410
Store Revenues	4,500	3,951	0	0
Membership / Admin fees	7,500	7,267	0	0
<b>Total General Revenue</b>	<b>58,543</b>	<b>50,021</b>	<b>48,492</b>	<b>33,283</b>
<b>TOTAL REVENUE</b>	<b>271,478</b>	<b>252,276</b>	<b>235,852</b>	<b>197,989</b>

**EXPENDITURES***General Expenses*

Store Expenses	3,600	4,993	0	0
Fund raising Expenses	5,000	5,927	4,974	0
Gaming Fund raiser	0	813	0	0
Equipment Purchases	7,500	2,295	7,518	0
Birthday Party Supplies	300		27	0
Gym & Safety Supplies	500	357	1,528	1,012
Goldpan Meet Expenses	5,000	5,263	4,577	7,054
Summer Program	0	61	156	0
Gymnaestrada Expenses	0	9	223	0
Freight Expense	750	108	236	225
Total Operating Expenses	<u>22,650</u>	<u>19,827</u>	<u>19,239</u>	<u>8,291</u>

*Competitive Expenses*

Meet Expenses	6,500	6,652	6,952	1,423
Fund raising Expenses			0	512
Clothing	2,000	2,102	3,817	4,732
Travel Expenses	<u>2,500</u>	<u>2,055</u>	<u>1,663</u>	<u>1,073</u>
Total: Team Expenses	<u>11,000</u>	<u>10,809</u>	<u>12,431</u>	<u>7,740</u>

*Payroll Expenses*

Casual Labour	500	1,598	158	258
Wages & Salaries	151,000	126,567	113,882	118,198
CRA Penalty			75	
EI Expense	4,000	3,341	2,041	2,735
CPP Expense	5,700	4,782	4,041	4,389
WCB Expense	4,500	3,768	3,162	2,305
Employee Benefits				1,000
Summer Program Reimbursement			-1,840	
Total Payroll Expense	<u>165,700</u>	<u>140,056</u>	<u>121,519</u>	<u>128,884</u>

*Recreation Expenses*

Gym Badges	350	207	340	230
Meet expense	2,500	2,376	0	0
Clothing	0	0	2,926	7,158
Fund raising	<u>0</u>	<u>0</u>	<u>3,680</u>	<u>6,227</u>
Total Receptions Expenses	<u>2,850</u>	<u>2,583</u>	<u>6,945</u>	<u>13,615</u>

*Administrative Expenses*

Accounting & Legal	8,000	6,572	8,374	5,842
Advertising & Promotions	1,500	2,166	1,407	913

Donations	150	150	149	0
GBC / Zone Fees	16,000	13,719	10,173	11,035
Insurance - Equipment	1,700	1,700	1,700	1,700
Interest & Bank Charges	3,000	2,518	2,253	1,208
Licences & Permits	150	134	155	25
Repair & Maintenance - Building	7,500	5,612	10,940	3,923
Supplies (cleaning/building)	2,500	2,939	0	0
Office Supplies	2,500	2,519	3,692	5,524
Travel/Convention/Training	2,000	1,906	3,289	1,440
Utilities & Rent	24,000	20,911	21,805	19,470
Web Site Expenses	0	1,176	336	274
prepaid visa/gift cards	1,300	1,000	0	0
Total General & Admin. Expenses	<u>70,300</u>	<u>63,022</u>	<u>64,272</u>	<u>51,353</u>
TOTAL EXPENSES	<u>272,500</u>	<u>236,296</u>	<u>224,407</u>	<u>209,882</u>
SURPLUS (DEFICIT) FOR YEAR	<u>-1,022</u>	<u>15,979</u>	<u>11,445</u>	<u>-11,894</u>
<i>Add Back</i>				
Utilities & Rent	24,000	20,911	21,805	19,470
Building Repairs	7,500	5,612	10,940	3,923
FUNDS AVAILABLE FOR FACILITY EXPENSES	<u>30,478</u>	<u>42,502</u>	<u>44,190</u>	<u>11,499</u>
<b>AVERAGE FUNDS AVAILABLE FOR FACILITY EXPENSES</b>	<u>32,167</u>			

## Appendix 2: Letter of support – Quesnel Youth Soccer Association



November 4, 2015

Quesnel Technics Gymnastics Club (QTGC)  
ATTN: Marlene Higgins, President  
Quesnel Technics Gymnastics Club  
PO Box 4023  
Quesnel, BC V2J 3J2

Dear Marlene:

This letter confirms that the Quesnel Youth Soccer Association (QYSA) supports in principle QTGC's proposal to build a new facility adjacent to the soccer arena. Our understanding is that QTGC's building would be constructed so that it appears to be attached to the soccer arena, and that it will utilize existing building services, such as the electrical service, to save costs.

There could be significant opportunities for QYSA to piggy-back on the proposed new construction by, for example, accessing or building new storage and change room space. Any additional costs of that collaboration would not be borne by QTGC. Perhaps by working together, both clubs can save money and make the two facilities a model of integration.

We wish you the very best in your search for financing.

Sincerely,

Gilbert Schotel  
President

## Appendix 3: Construction cost estimates



September 10, 2015

### **QUESNEL GYMNASTICS CLUB**

950 Mountain Ash Road  
PO Box 4023 Quesnel, BC  
Quesnel, BC

Tel: (250) 747-3992

Fax: (250) 747-3933

**Attention:** Mr. Phil Christie, Cel: (250) 747-8544

**Via Email:** pchristie@quesnelbc.com **Pages:** 9

**RE: ADDITION OF GYMNASTIC CENTER ATTACHED TO QUESNEL INDOOR SOCCER CENTRE,  
980 ANDERSON DRIVE, QUESNEL, BC**

Dear Sir,

Please find attached JDG Construction's budget quotation for the Design & Build of a pre-engineered building including foundation, slab and electromechanical works.

This proposal is JDG's interpretation of what you have described and any additional requirements would be extra to what has been quoted.

I trust this is the information you require at this time; we would appreciate the opportunity of reviewing this proposal with you further. If you have any questions do not hesitate to contact our office at (604) 986-4494.

Regards,

JDG Construction Management Ltd.  
David Gvozdanovich

David Gvozdanovich Principal

**JDG Construction Management Ltd.**

**1070 14th Street West**

**North Vancouver, V7P 3P3**

**Telephone 604.986.4494**

**Toll Free 1.800.986.4494**

**Fax 604.986.4490**

## PROJECT DESCRIPTION

The project can be generally described as a gymnastic hall with a strip mezzanine located adjacent to indoor soccer building without structural attached to it as it stands independent pre-engineered steel building.

## BUILDING PERMIT DESIGN SCOPE:

- 1) C.R.P.: Coordinating Registered Professional- for pre-eng buildings only
- 2) Architectural- working construction drawings, primarily occupant load, washrooms, spatial separations, exiting, office layouts, specifications for floor and wall finishes
- 3) Structural Foundation design and drawings
- 4) Structural Building: Pre-engineered steel structure, see note below.
- 5) Mechanical: Plumbing, design and drawings, standard plumbing for washrooms, hose bibs.
- 6) Mechanical: Heating, Ventilation, design and drawings. Air conditioning(AC) to office area only
- 7) Sprinkler: design and drawings. Design is based on an assumed suitable water supply as to be verified by the Port Corporation or District of North Vancouver.
- 8) Electrical- as needed as it is covered under the Provincial Electrical Branch.
- 9) All design Professionals shall submit sealed drawings and Schedules B, C-B and proof of professional liability insurance.
- 10) Printing and disbursement charges.

## EXCLUDED ITEMS- DESIGN

- 1) Geotechnical Site review or inspections for import structural fills. No allowances for contaminated sites are included.
- 2) Civil: Site Services and Site drainage design and drawings- as amended to suit comments from DP review process. Onsite/ offsite estimates for letter of credit requirements. No oil interceptors for the yard or apron areas shall be provided.
- 3) Siltation Control plan as per Municipal Bylaws. Not including physical construction costs or monitoring.
- 4) Landscaping Design by a registered landscape architect revised to suit DP requirements
- 5) Liaison with Utilities for coordinated lot servicing.
- 6) Fire Safety Plan and Final project sign-off with the City of Quesnel
- 7) Legal covenants for Right of Ways , flood plains, Railway clearances
- 8) In order to provide the Structural – pre-engineered building drawings for the building permit, this structure must be placed on order with the building manufacturer. The process can be staged that only engineering is completed; however should the project be placed on indefinite hold the engineering costs are then due and payable. A similar past project cost \$ 15,730.00 for these shop drawings (per building). These costs would be charged in addition to the engineering proposal amount should the structure not be built.
- 9) Permit fees and costs including letters of credit, DCC's payable to utilities or the City of Quesnel, etc.
- 10) Engineering for offsite works including Hydro, Telus, Teresen gas, the City of Quesnel services, etc..
- 11) Environmental assessments including testing of the existing ground and or future monitoring.

- 12) Specialty designs for containment of hazardous goods, including salt bins, fuel or oil sheds.
- 13) Specialty consultants as may be required to review, assess or respond to issues raised By the City of Quesnel (sound abatement).
- 14) Driveway or yard asphaltic pavement designs or testing.
- 15) Silt Control Monitoring or maintenance
- 16) LEEDS requirements or documentation

**CONSTRUCTION STAGE DESIGN**

Costs generally include all necessary associated field inspections for the associated scopes.

Should Additional fees be required to suit unknown field conditions or coordination with other project elements, such as poor soils, contaminated soils or District imposed unforeseen criteria then these charges would be reviewed on an individual basis and charged extra as appropriate. Customer requested changes that alter the scope of design or the project that requires revised design or associated drawings will be charged extra on a time and material basis.

**STEEL DESIGN** – Structural Steel, to PART 4 BCBC2012: Schedules B for Design only by JDG (pre-eng building only). JDG also includes the pre-eng Schedule C.

**CODE-** British Columbia Building Code – 2012 Edition, for Quesnel, BC

**LOADS –**

- Snow plus rain load -  $S_s = 3.00 \text{ kPa} \times 0.8$ ,  $S_r = 0.10 \text{ kPa} = \text{RSL } 52.21 \text{ psf}$
- Wind - @ 1/50 = 0.31 kPa,
- Seismic 1/2475yr -  $S_a(0.2) = 0.27g$ ,  $S_a(0.5) = 0.16g$ ,  $S_a(1.0) = 0.075g$ ,  
 $S_a(2.0) = 0.041g$ ,
- Site Class - D (Stiff soil)
- Collateral - 0.25 kPa, (5 psf) on the roof
- Importance Factor - 1.00 for all above (Normal condition)
- Other loads - None

**BUILDING DESCRIPTION:**

Pre-engineered metal building system comprised of one area:

Type ..... : Clear span, Single Slope, Rigid  
 Frame Width ..... : 80'-0" o/o  
 Length ..... : 100'-0"  
 o/o Bay spacing..... :  
 5 @ 20'-0"

Endwall columns spacing ... : 18'-0" + 2 @ 21'-0" +  
 20'-0" Roof Slope ..... : 1:12  
 Eave Height ..... : 27'-0" (from slab level)  
 Left Endwall frame ..... : Post & Beam (non-  
 expandable) Right Endwall frame ..... : Post & Beam  
 (non-expandable)  
 Sidewall Girts ..... : Bi-  
 pass Endwall Girts ..... : 1"  
 Outset

**Notes:**

- All building columns to sit on a 6" high perimeter curb and pilaster concrete foundation
- All columns are designed as pin base
- All door jambs start at 6" level and will be fixed above the curb

**OPEN WALLS:** Sidewall along the existing building wall is fully open as common wall.

**MISCELLANEOUS STRUCTURAL SYSTEMS- PARTITIONS: -None**

**CRANE:** -None

**BRACING-** Rod bracing to the roof and both sidewalls and endwalls as required by final design.

**FRAMED OPENINGS**

- 1) Twelve (12) – 5' x 3' framed and flashed openings for external windows
- 2) Four (4) – 6'-4" x 7'-2" framed and flashed openings for external mandooors
- 3) One (1) – 14' x 14' framed and flashed opening for overhead door

**MEZZANINE**

Our supply includes a Mezzanine area of 18'X100'= 1800 ft<sup>2</sup> consists of mezzanine columns, primary beams, secondary beams and mezzanine deck, designed for the following characteristics and loads:

1. Dead Load (3" thick concrete slab) ..... : 50  
psf
2. Live Load ..... :
- 80 psf
3. Partitions Load .....  
: 20psf

4. Collateral Load ..... : 6 psf
5. Mezzanine Columns spacing ..... : 5 @ 20'-0"
6. Primary beams spacing ..... : 18'-0"
7. Secondary beams spacing ..... :
- 4'-0" 8. Clear height ..... :
- 9'-0"
9. 22 ga thick X 1.5" high Galvanized Deck to support 3" thick concrete slab with WWmesh or 10 mm reinforcement rebars. Slab will be standard concrete trowel finished
10. One (1) Staircase consists of one straight flight with pan type steps which to be filled with concrete. Stairs and mezzanine exposed edge to have guard rails consisting of 4" plate toe kick, mid rail and top rail.
11. Exterior mezzanine joists and beams are not designed to support blockwall loads
12. 36" high steel handrail made of 2" dia pipes at 1 edge (Total length= 100')

**OVERHANGS:** -None

**PAINT/Finishes** - Primary steel- columns beams, rafters, angles and bracing are prime painted. Steel is prepped to SSPC-SP2 class (hand tool cleaning) prior to receiving a grey/red primer, a minimum of 10 gallons touch up paint shall be provided. All Secondary steel, purlins, girts, and miscellaneous clips, angles, flange braces, angles and clips are galvanize finished. All structural bolts shall be HG galvanized.

#### CLADDING

Roof: 24 gauge 24" wide Standing Seam Panel, mechanically seamed, prepainted Silicon Modified Polyester SMP Signature 200 series, stitched with stainless steel capped, 5/8" thick styrene thermal block

Walls: 26 gauge Reverse Rib panel 12" Rib profile, finished with factory prepainted Silicon Modified Polyester SMP Signature 200 series

Note: Colour selections from manufacturer's standard product offering Signature 200

**TRIMS** - Gables and eaves trims are factory pre-painted Signature 200 series Silicon Modified Polyester over G-90 galvanized base sheet. Colour selections from Manufacturers standard product offering.

#### INSULATION

- Roof: 6" thick fiberglass blanket insulation (R19) having laminated white WMP 50 vapor barrier facing
- Walls: 6" thick fiberglass blanket insulation (R19) having laminated white WMP 50 vapor

barrier facing

**LINER** – None

**SNOW GUARDS** – None

## **ACCESSORIES**

### **Doors**

- 1) One (1) 14'-0" X 14'-0" Sectional Overhead Truck doors: insulated Thermodor R16.31 complete with 3" track, high lift hardware, complete with solid shaft, manual reduced drive chain hoist, slide bolt lock, perimeter weather stripping. Concrete slab must be level across the door opening and sloped to the building exterior.
- 2) Four (4) 6'-0" x 7'-0" standard steel framed steel mandoors with function entrance lever handle keyed lockset, full height welded astragal, NRP hinges, check - chain, perimeter weather strip ,aluminum threshold, base sweep, double leaves, non-fire rated
- 3) Twelve (12) – 5' x 3' Windows will be double glazed, tinted, tempered, low E, frames are thermal broken storefront profile c/w perimeter membrane tie ins and flashing

**GUTTERS & DOWNSPOUTS** – Sidewall to receive standard gutters and downspouts. Downspouts shall tie to an underground system in place during erection.

**FIRE RESISTANCE** – None. To be designed and executed by others since this building is going to be tightened to an existing building and it should be connected to existing fire system and it may require fire rated separation wall.

**SITE PEPARATION** – Not included ; the site shall be provided to JDG in a level compact manner as approved by the project Geotechnical Engineer to the underside of proposed slab elevation at no cost to JDG. All incoming services shall be provided via suitable trenches to within 3' of the building perimeter.

**SITE WORK** – It is expected that the site will be serviced by others, including gas, hydro, water, sanitary and storm sewers. We have made no inclusion for site servicing charges and fees.

## **EXCAVATIONS**

JDG subcontractor shall perform detailed excavation services for the foundation only. JDG includes no allowances for import of structural backfill material, or disposal of surplus

excavated materials. JDG forces shall direct machinery and provide necessary layouts as required.

## **FOUNDATIONS**

Based on normal spread footing and grade beam construction with a minimum 1,500 psf soils bearing capacity and an acceptable differential settlement. No allowances are included for ground improvements, pile supported structures, raft slabs, or deep foundations.

Prior to starting the site shall be received in a level and compact state as determined by the geotechnical engineer to the underside of slab elevation. Layout of the building foundation will be performed by JDG contractors based on Survey date points within 25' of the building corners provided to JDG at no charge. Legal surveys are not included.

The grade beam will extend to 6" above the shops floor slab providing for a concrete curb and building pilasters and pedestals. Concrete for footings and grade beams shall be 20 and 25 Mpa strength as design requires.

## **SLABS-ON-GRADE-**

- The slab will be 6" thick rebar reinforced (not mesh) 30 Mpa concrete with steel trowel light swirl finish.

## **ELECTRICAL-**

- Coordinate with utility company for services including incoming site service ducting for electrical, telephone, data supplied and installed by others
- Power distribution and local panel boards
- Lighting: interior and building mounted exterior (exterior fixtures to minimize light trespass)
- Receptacles and outlets
- Power supply to appliances
- Power supply to HVAC motors and associated equipment
- Communications (wiring only): computer (data) wiring and termination, telephone, cablevision

## **PLUMBING, HEATING AND VENTILATION- PLUMBING**

- All plumbing (storm, sanitary and water) lines will be extended 3'-0" beyond the building footprint for connection by others
- Standard Commercial grade fixtures to all WC's, all sinks to be wall hung basins. Shower is not HC accessible
- The electrical hot water tank will be located within the mechanical room with venting out the roof

## **HEATING/HVAC**

- Electrical room to be vented to the exterior, the exterior door shall have a fixed intake

louver.

#### **VENTILATION**

- Electrical room shall have louver grill mounted in door for intake, exhaust shall be fixed grill to the shop side.
- All area shall be vented to ASHREA requirements and good practice.

#### **ROOF RAINWATER – DRAINAGE**

Collector pipes shall run from standard exterior mounted gutters to a perimeter drainage system provided by the Site services contractor. No yard drainage is designed or included. It is expected that due to the shallow footing requirement and generally waterfront location, no perimeter footing drains will be required.

**LABOUR-** Non-union and opens shop trades. Installation is generally based on a single mobilization to site with free and clear access to the work areas. No inclusions are included for specialty security constraints, off hours work, specialty escorts. Should work stoppages result due to Union issues then JDG Construction shall be afforded recovery of associated costs along with an extension of time for the project completion.

**SCHEDULE –** it is assumed this project will be constructed from spring 2016 to fall 2016, no allowances for winter work, concrete premiums, tarping, weatherproofing and hoarding are included.

### **JDG’s budget quotation to construct the proposed facility based on JDG’s interpretation and JDG’s design approach is as follows:**

**ONE MILLION NINETY FOUR THOUSAND FIVE HUNDRED FIFTY TWO DOLLARS**

**(\$1,094,552.00), PST included, 5% GST extra.**

See attached Clarifications and Qualifications – “Appendix A & B”

This budget quotation is strictly to construct the building as described above with no activity beyond 3' of the building foundation. If JDG has misunderstood the project requirements please advise such that corrections or changes can be made.

This contract price is firm for 60 days only and is subject to Building suppliers conditions as stated below. For the purposes of US/CDN dollar exchange this project is based on today’s rate of a 1.32 multiplier; should a significant increase occur exceeding 1.325 on the day of contract acceptance JDG reserves the right to adjust final pricing prior to

JDG's acceptance. Raw steel pricing is based on current world rates- should excessive cost increases occur (greater than 5%) then JDG reserves the right to submit claims for the increased cost with suitable documentation. This is in relation to Hot rolled plate, cold form coil and sheet coil price marks.

This purchase quote request is subject to the Building Suppliers standard terms and conditions of sale and is valid for 60 days. Thereafter it is subject to change without notice. No order is binding on JDG/ Building Suppliers until an order acknowledgement is issued confirming the purchase agreement. Purchase price will remain firm if the order is shipped within ninety days of the quote date; otherwise it is subject to change without notice. All rework is per MBMA Guidelines. If a contract is cancelled by purchaser, a cancellation fee will be charged.

JDG has based this proposal on using the building suppliers standard design details and fabrication processes, product and components for the pre-engineered structure, requirements beyond this are subject to pricing review. The Client further agrees to receive shipment of product upon the mutually agreed shipping date, should delays occur preventing delivery of the building to Site then any storage costs levied by the Manufacturer may be applicable. A standard one-year materials warranty is applicable when the supplied products are installed in strict accordance with the erection drawings and details provided from the date of shipment from Manufacturer.

A suitable CCDC contract – agreeable by both parties would form the basis of the Contract documentation with JDG's sales proposal being included in the Schedule of documents. Liquidated damages and Consequential damages to be excluded.

**BONDING:** is Extra to the Contract at Industry rates, plus applicable taxes/fees.

**WARRANTY:** Standard one year on materials and workmanship from substantial completion of JDG's scope of work. Damage by other trades or site operations prior to total project completion is not considered warranty work.

## **TERMS OF PAYMENT**

- 1) 5% deposit with the building order, 5%with provision of steel building drawings, and 5% on release to fabrication
- 2) Steel building materials 15 days after delivery to site
- 3) Balance of material and labour 15 days of the month following/ monthly progress billing or delivery to site/staging area
- 4) Holdback 10% releasable 55 days after substantial completion of JDG's scope of work. This is a prorated release requirement for holdback and is not to be tied to the overall project substantial completion
- 5) Interest compounded @ 1.5% per month, 19.56% per annum on overdue accounts

## APPENDIX “A” – Qualifications and Clarifications

		(x - denotes activity by)	
ITEM		BY JDG	BY CLIENT
1	Development Permit & Impost Fees	-	X
2	Building Permit fees	-	X
3	Building Permit application	X	X
4	Surveys a) Legal, b) Form, c) Layout	Layout from adjacent points	X
5	Soils test report, inspections and Schedule C	-	X
6	Consultants a) CRP, b) Arch, c) Struct, d) Elect, e) Mech, f) Plumb	C,d,e	A,B,F
7	Building Code Review	-	X
8	Inspections a) CRP, b) Arch, c) Struct, d) Elect, e) Mech, f) Plumb	c	X
9	Foundation design drawings (normal spread footings)	X	-
10	Site Work a) Stripping, b) Fill, c) Drainage, d) Patch Paving	-	X
11	Site and interior crane access - level and clear all around	-	X
12	Foundation installation	X	-
13	Concrete testing	X	-
14	Anchor bolt supply and install	X	-
15	Steel building supply and erection - Non Union	X	-
16	Storage and handling costs due to delays by Client	-	X
17	Freight to site	X	-
18	Erection crane and operator	X	-
19	Roof and wall openings, flashings, curbs unless noted otherwise	-	X
20	Roof snow retention (ice angles) if required	-	X
21	Grouting of base plates	-	-
22	Steel building Primer touch-up	minor t/u	X
23	Finish painting of a) Struct Steel, b) Mandoors, c) Overhead Doors	x-as noted	-
24	interior finishes other than noted in proposal	-	X
25	Graphics and signage	-	X
26	Electrical	x-as noted	X
27	Electrical connections to overhead doors, cranes, etc.	-	-
28	Installation and hook-up of Client's equipment	-	X
29	Load test of overhead travelling crane	-	-
30	Temporary power a) connections, b) consumption	-	-
31	Telephone installation & connections	-	X
32	a) Plumbing, b) Heating, c) Ventilating	X	-
33	Sprinklers a) Capacity, b) Supply and Installation	-	-
34	Site Services to building	-	X
35	Landscaping	-	X
36	Fencing a)Temporary, b)Permanent	-	X
37	Winter work a) Hoarding, b) Snow removal	-	X
38	Insurances a) Liability, b) Builder's Risk	a	b
39	Bonding	extra	-
40	Taxes – PST/GST	PST	GST
41	Prime Contractor (per WCB Regulations)	X	-

42	First Aid for JDG forces	X	-
43	Garbage disposal to a container provided free of charge on site	X	-
44	Clean-up of steel and cladding due to muddy site conditions	-	X
45	Field offices for JDG forces	X	-
46	Travel time	X	-
47	Room and board	X	-
48	Contaminated Soils and Environmental Issues	-	X
49	Dewatering/pumping or well pointing of excavations	-	X

## **APPENDIX “B”**

### **SCOPE OF WORK NOT INCLUDED-**

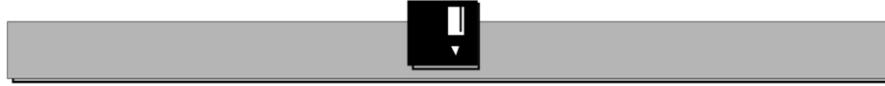
- 1) Permitting
- 2) Geotechnical
- 3) Site services / utilities beyond 3'-0" of the building foundations, associated Excavations.
- 4) All yard work, including site grading, paving and line painting, fencing, site services, drainage and oil interceptors, landscaping, irrigation.
- 5) Furnishings, appliances
- 6) Contaminated soils issues- testing , treatment, removal, disposal
- 7) Security systems
- 8) Window coverings
- 9) Kitchen cabinets, countertops
- 10) Partitions under and above mezzanine

## **APPENDIX “C”**

### **Attachment listing:**

1. Isometric building sketches
2. Roof panel cut sheet
3. Wall panel cut sheet
4. Colour Chart
5. WMP 50 insulation spec sheet
6. Overhead sectional Thermodor

## ICON HOMES LTD.



1315 North Cariboo Highway ♦ Quesnel, BC V2J 6R5 ♦ Canada  
Phone 250-992-6778 ♦ Fax 250-992-6768

### ***Construction cost estimate prepared for the Quesnel Gymnastics Club and Savage and Associates (revised Sept. 8, 2015)***

Project general description: construct an 8,000 sq. ft. (footprint) gymnasium located adjacent, but not structurally connected, to the west wall of the existing soccer building.

This report assumes the following:

- Access to existing electrical, water, sewer, sprinklers and gas services located in the soccer facility.
- Ground conditions under building site are sound and free of unsuitable fill material.
- Construction to occur during fair weather months
- No allowance for exterior paving or landscaping
- No allowance for a commercial grade kitchen (concession stand only).

#### Building general description

- Pre-engineered metal building with metal cladding for walls and roof. Dimensions: 27' to eave, 80' wide, 100' long
- Insulation to code in walls and ceilings
- Concrete foundation and support pads
- 4" concrete floor
- Trampoline pits of approximately 400 sq. ft in total area
- 12 non-opening windows along upper walls
- 4 sets double entry doors
- One 14'x14' overhead door with chain hoist operation
- Approximately 1500 sq. ft of offices, washrooms, storage areas and utility areas.
- Viewing platform located above office spaces with stairs to main floor.
- Standard commercial lighting, heating and finishes for gym offices, washrooms, concession stand and storage.
- Gas fired air handling units for heat and air conditioning - located outside of building. Assume exposed ducting.
- Viewing platform to be made of steel beams, steel Q-deck with reinforced 5' thick concrete slab
- Steel handrails to code

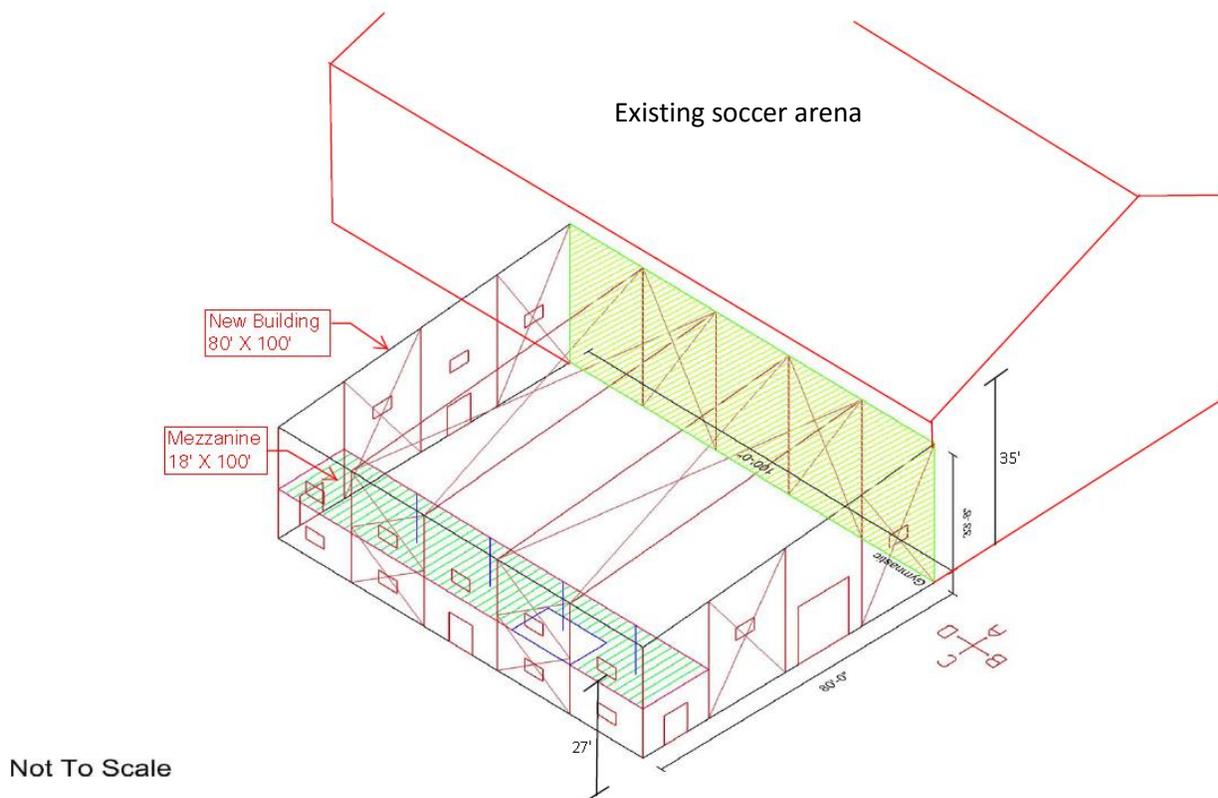
**Cost estimate sheet**

DESCRIPTION	AMOUNT (\$)
foundation costs including slab and excavation	130,000.00
metal building and insulation	300,000.00
electrical assumes using existing service and existing fire control service boxes	90,000.00
mechanical and plumbing- assumes utilizing existing system for drainage and supply	100,000.00
foundation for trampoline pits	40,000.00
approximately 1500 sq. ft of office space located below viewing platform	90,000.00
sprinklers- assumes using existing fire control systems and alarm panel	30,000.00
general requirements- permits/engineering	50,000.00
site works- move parking lot drainage- truck fill to back of property and other site works	50,000.00
viewing platform- approx. 1300 sq. ft- Q deck with concrete slab and metal guardrails	45,000.00
assumes fair weather construction - no costs included for winter work.	
contingencies at 10%	100,000.00
overhead and contractor profit at 15%	153,750.00
	<b>SUBTOTAL</b>
	1,178,750.00
	<b>TAX RATE</b>
	5.00%
	<b>SALES TAX</b>
	\$58,938.00
	<b>OTHER</b>
	\$1,237,688.00
	-

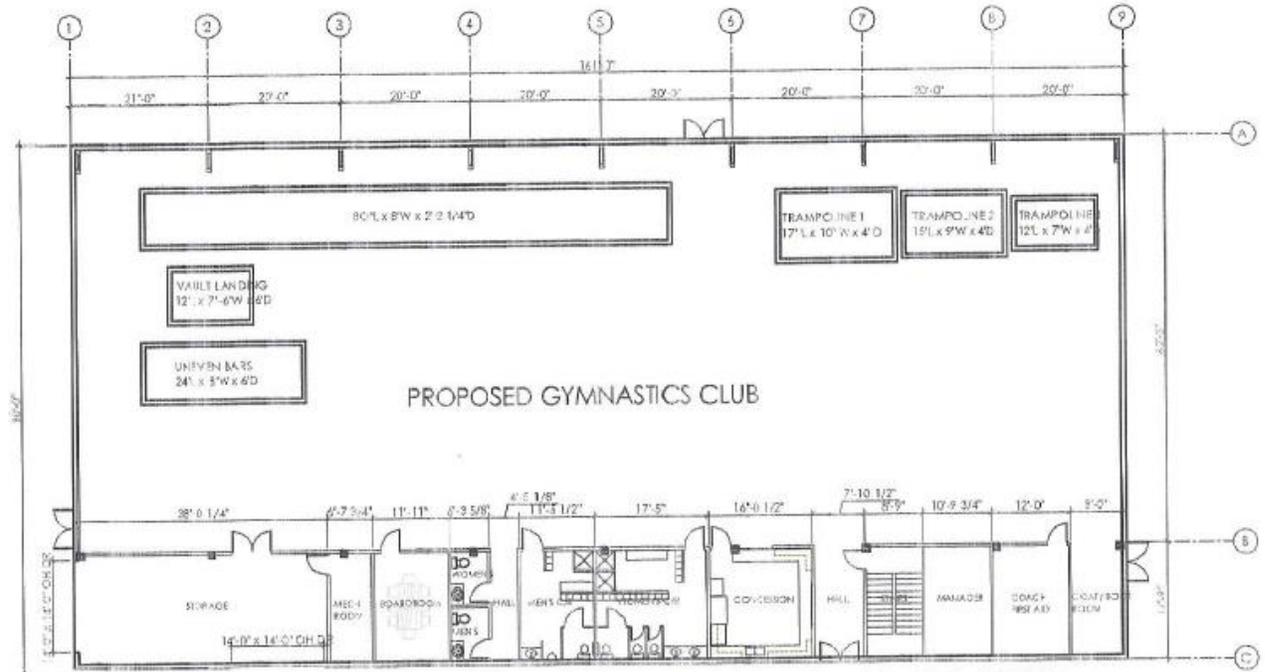
## Appendix 4: Facility concept drawings

The drawing below was prepared by JDG Construction (one of the firms that provided a construction cost estimate for the new building). The drawing is closely based on work conducted by the Club some years ago for a facility with an 8,000 sq. ft. footprint, as proposed now.

The concept floorplan drawings that follow on the next two pages were prepared some years ago by Lindstrom Construction. The resources available for this stage of work did not allow for development of a new interior design, but the footprint and two level design will be used for the next design. Therefore the construction costs developed for this plan are fully applicable as this stage of development.

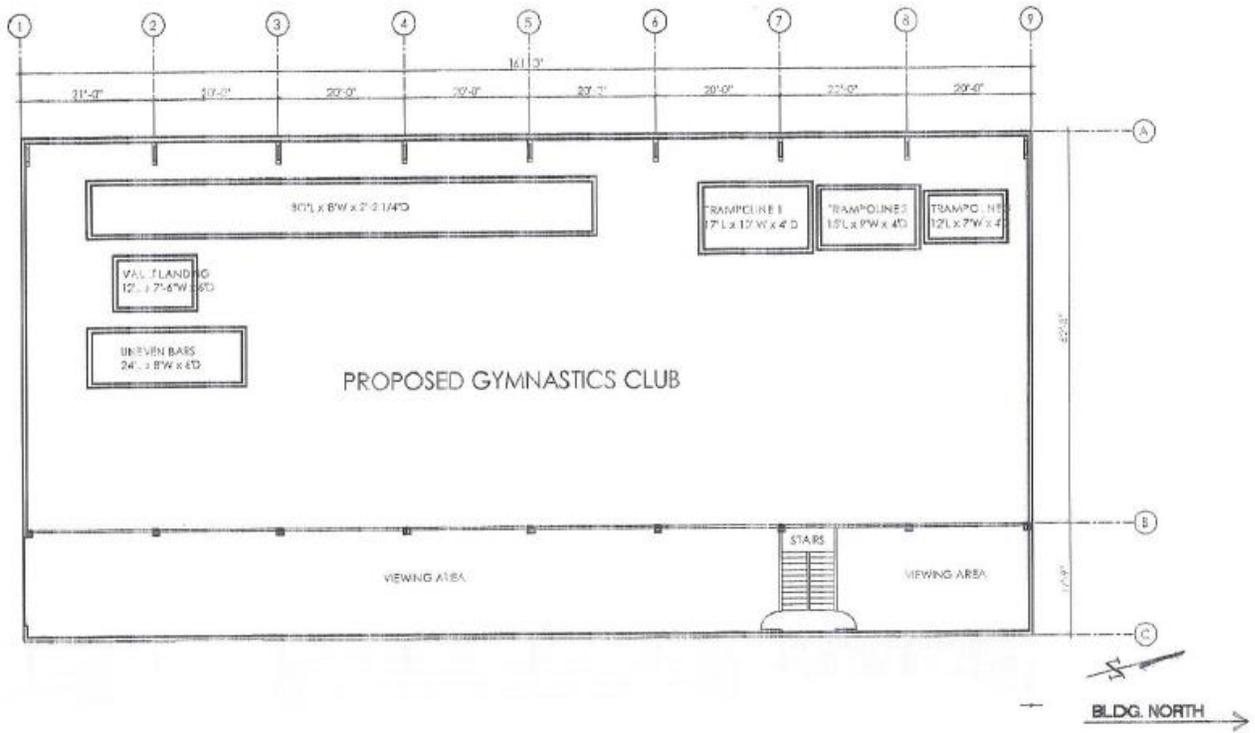


## Main floor and second floor (mezzanine) floorplans - conceptual



MAIN FLOOR PLAN  
SCALE: 1/8" = 1'-0"





SECOND FLOOR PLAN  
SCALE: 1/8" = 1'-0"