Agenda – Executive Policy Committee – May 17, 2006

Moved by Councillor

That Rule 9.3 of the Procedure By-law be suspended in order that the following item, which was received too late to be placed on the regular agenda, may also be considered by Committee at this time.

ADDENDUM REPORTS

Item No. 7 Winnipeg Soccer Complex Development Proposal
File S-7

ADMINISTRATIVE RECOMMENDATION:

1. That the report be received as information and further direction be given to the Chief Administrative Officer.

Agenda – Executive Policy Committee – May 17, 2006

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 18, 2006, the Executive Policy Committee accepted the administrative report (dated June 24, 2005) as information, and requested that the Administration be directed to prepare and issue a Request for Expression of Interest (REI) as soon as possible, to design and build an indoor soccer complex, including the following general specifications:

1. Four indoor fields with turf and permanent or removable boards
2. Dressing rooms
3. Viewing areas
4. Food concession
5. All related site development costs.

Further, the Executive Policy Committee Secretariat invite input from the Winnipeg Soccer Federation into the drafting of the Request for Expression of Interest, and then share the results of the process with the Winnipeg Soccer Federation.

REPORT

RE: WINNIPEG SOCCER COMPLEX DEVELOPMENT PROPOSAL

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: CHIEF ADMINISTRATIVE OFFICER

REPORT DATE: May 15, 2006

RECOMMENDATION:

1 That this report be received as information and further direction be given to the Chief Administrative Officer.

Report Summary

Key Issues:

None

Implications of the Recommendation(s):

General Implications

(x) None

( ) For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

Policy Implications

(x) No

( ) Yes

Comment(s):

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(x) No

( ) Yes

Comment(s):

Human Resources Implications

(x) No

( ) Yes

Comment(s):

Financial Implications

(x) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s): There are no financial implications associated with this report.

Report

REASON FOR THE REPORT:

At its meeting of January 18, 2006, Executive Policy Committee directed the Administration to prepare and issue a Request of Expression of Interest (EOI) as soon as possible, to design and build an indoor soccer complex, including the following general specifications:

- Four indoor fields with turf and permanent or removable boards
- Dressing rooms
- Viewing areas
- Food concession
- All related site development costs.

The Administration is now reporting on the outcome of the EOI and seeking further direction from EPC in this regard.

HISTORY:

In the spring of 2004 the City received a proposal from the Winnipeg Soccer Federation (WSF) for the future development and operation of the Winnipeg Soccer Complex. At its "In Camera" meeting of October 20, 2004, Executive Policy Committee concurred in the Administration's recommendation that the Director of Planning, Property and Development be authorized to request the Winnipeg Soccer Federation to provide a detailed Financial Plan, along with all supporting information, relative to its proposal for the redevelopment and operation of the Winnipeg Soccer Complex and report back.

By March 2005 the Administration received the additional information from the Winnipeg Soccer Federation. The proposal was reviewed and in June, 2005, the Administration submitted its report with recommending approval in principle of the Winnipeg Soccer Federation's Development Proposal and a set of analysis and decision making steps thereafter.

In September 2005, EPC received the Administration's report on the Winnipeg Soccer Complex Development proposal dated June 24, 2005 and referred the matter to the Administration for report back in 60 days on the range of facility types and ownership/management options being used in other cities.

In January 2006, EPC accepted the Administration's report dated June 24, 2005, and directed the Administration to prepare and issue a Request for Expression of Interest to design and build an indoor soccer facility. The Administration is now reporting on the outcome of the EOI.

DISCUSSION:

An Expression of Interest and Qualifications (EIO/Q) was issued on March 1, 2006:

The EOI/Q was intended to provide the City with general information related to various types of facilities and structures that could be built in Winnipeg, together with cost estimates. And it was expected to possibly provide options for ownership/management of the facility. The EOI/Q process was to provide information that would assist the City in its decision-making process regarding an indoor soccer complex and would allow the City to gauge the level of interest and qualifications among firms with respect to such a project.

The City received 10 proposals through the EOI/Q process. An administrative team reviewed the 10 proposals and evaluated them based on the following criteria:

1 Completeness of the EOI&Q Submission
2 Expertise of the Proponent's Team
3 Experience of the Proponent's Team
4 Strength of the site development proposal
5 Strength of the building design concept
6 Costs and benefits to the City

The EOI/Q provided insight on several key issues relating to the development and management of an indoor soccer facility in Winnipeg.

I. Interest: Local and out-of Province proposals were received. The proposals demonstrated a full range of options, the details of which are described below. A number of proponents came forward with experience and expertise in designing/building and a few in building/owning & managing soccer or recreation facilities.

II. Facility Types: Hard shell structures were proposed in all but one submission, which was for a hybrid structure (steel frame with fabric sheathing). No bubble structures were proposed. Hard structure facilities and associated field amenities had costs estimated to be in the range of $10-14 m. Some of the proposals provided interesting and efficient building design concepts; other proposals were more general and in some cases appeared to not fully understand the City's requirements. The EOI/Q process has confirmed the magnitude of the investment required. At this stage there is not sufficient detail to fully evaluate the competitiveness of the pricing; detailed specifications would be needed to allow such comparisons. In general, it would appear that there is a stronger market interest in a hard structure facility and that it may be difficult to garner competitive pricing with a soft structure facility. While the initial capital costs are higher for a hard structure facility, the life span is typically longer and utility costs

tend to be lower. A hard structure facility may be more suitable to Winnipeg's current needs and climate.

III. Ownership Model: Eight of the proposals received were for design-build; some with an option for managing the facility. Two submissions proposed a design/build, own and operate model; one private sector and the other a not-for-profit, partnership model. While all models come with their pros and cons, important advantages to a privately owned model, is that the owner and not the City assumes all liabilities and the owner pays property and business taxes. In a private sector model, a sustainable business plan is important to insure that an appropriate level of maintenance is provided given the sizeable government investment envisioned by the proponents. Important advantages to the not-for-profit owned model is that the user controls the facility and 'profits' are invested back into the facility/sport. On the other hand, there are risks in terms of long-term sustainability. The City of Winnipeg's Recreation, Leisure and Library Facilities policy suggests that while the City should support indoor soccer facilities, the City should not be a direct provider. Given current policy, a facility owned privately or by a not-for profit group may be most appropriate.

IV. Management Model: Some proposals included private and not-for-profit/subcontracted facility management models. Facility management of indoor sports complexes of this magnitude is not a core business of the City. It would be prudent for the City to look to proponents who have expertise and experience in managing facilities of this type.

V. City Contribution: All proposals seek a sizeable government contribution toward the capital investment that is required. For the most part, a minimum of $6 m and serviced land was expected from proponents; naturally the design-build proponents saw the City as owning and fully funding the facility (although some offered financing options).

Next steps:

From the EOI/Q process, a shortlist of candidates for a Request for Proposals (RFP) could be issued as originally contemplated. An RFP process would take 8-10 weeks. If an RFP is to be issued, further direction is required on several key variables including:

- Ownership (city, private, not-for-profit)
- Management (city, private)
- Contribution from the City (including specific site or proponent owned site, etc.)

Alternatively, if a particular model relative to ownership and management is desired by the City, there could be direction that the Administration forgo a Request for Proposal process at this point and negotiate directly with the interested parties that have come

forward with that model. In this case, parameters for the negotiation would be required including, for example, direction on the ownership/management model of interest and on the maximum contribution to be offered by the City.

FINANCIAL IMPACT STATEMENT:

There are no financial implications associated with this report.

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Planning, Property and Development, Corporate Finance and Corporate Services.

External Consultation With:

THIS REPORT SUBMITTED BY:

CAO Secretariat
Division: Strategic Management
Prepared by: Connie Walker
File #: