Agenda - Council - April 25, 2007

Report – Executive Policy Committee - April 18, 2007

Item No. 1 Bronx Park Community Centre / Home of Good Neighbours Senior Centre – Additional Capital Project Requirements
File PR-2(33)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 18, 2007, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That additional funds in the amount of $1.937 million be approved for the construction of the Bronx Park Community Centre/Home of Good Neighbours Senior Centre project in order to meet the revised estimated project cost for the new facility. The funding sources for the additional capital project requirements are as follows:

1	East Kildonan-Transcona Community Incentive Grant Program Funding	$200,000
2	Grant from the Winnipeg Foundation	$50,000
3	Dedicate, to a maximum, estimated net proceeds from property disposition of 755 Henderson Highway (Good Neighbours Senior Centre) and Kelvin Community Centre	$500,000
4	Community Centre Investment Fund	$277,000
5	2007 Innovative Capital	$910,000
	Total of Proposed Funding Sources	$1,937,000

2. That the net proceeds of the sale of 755 Henderson Highway, required to maximize the $500,000.00 funding commitment from all net property disposition, be directed to the additional capital project requirements of the Bronx Park Community Centre/Home of Good Neighbours Senior Centre Project rather than the Land Operating Reserve.

3. That the General Council of Winnipeg Community Centres Board motion, adopted on April 2, 2007, that proposed interim financing the additional capital project requirements, where required, up to a maximum of $650,000.00, as related to net proceeds from property disposition and additional Community Incentive Grant program contributions, from available cash flow existing in the Community Centre Investment Fund be approved.

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4. That the General Council of Winnipeg Community Centres Board motion, adopted on April 2, 2007, that makes a $277,000.00 contribution from the Community Centre Investment Fund towards the additional capital project funding requirements be approved.

5. That the General Council of Winnipeg Community Centres Board motion, adopted on April 2, 2007, that allocates any net proceeds from the disposition of the Kelvin Community Centre be directed towards funding the additional project funding requirements be approved.

6. That the eligibility criteria of the Community Incentive Grant Program related to the maximum City funding available for a specific project be waived in this instance.

7. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee - April 18, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 18, 2007, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: Bronx Park Community Centre/Home of Good Neighbours Senior Centre - Additional Capital Project Requirements

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: L.S.W. Larkin, P. Eng., Director Public Works
C. Wightman, Director Community Services

REPORT DATE: April 5, 2007

RECOMMENDATION:

1. **That Council approve additional funds, in the amount of $1.937 million, for construction of the Bronx Park Community Centre/Home of Good Neighbours Senior Centre project in order to meet the revised estimated project cost for the new facility. The proposed funding sources for the additional capital project requirements are as follows:**

1	**East Kildonan/Transcona Community Incentive Grant Program Funding**	**$200,000**
2	**Grant from the Winnipeg Foundation**	**$50,000**
3	**Dedicate, to a maximum, estimated net proceeds from property disposition of 755 Henderson Highway (Good Neighbours Senior Centre) and Kelvin Community Centre**	**$500,000**
4	**Community Centre Investment Fund**	**$277,000**
5	**2007 Innovative Capital**	**$910,000**
	Total of Proposed Funding Sources	**$1,937,000**

2. **That Council approve that net proceeds of the sale of 755 Henderson Hwy, required to maximize the $500,000 funding commitment from all net property disposition, be directed to the additional capital project requirements of the Bronx Park Community Centre/Home of Good Neighbours Senior Centre Project rather than the Land Operating Reserve.**

3. **That Council approve the General Council of Winnipeg Community Centres Board motion, adopted on April 2, 2007, that proposes interim financing the additional capital project requirements, where required, up to a maximum of $650,000, as related to net proceeds from property disposition and additional Community Incentive Grant program contributions, from available cashflow existing in the Community Centre Investment Fund.**

4. **That Council approve the General Council of Winnipeg Community Centres Board motion, adopted on April 2, 2007, that makes a $277,000 contribution from the Community Centre Investment Fund towards the additional capital project funding requirements.**

5. **That Council approve the General Council of Winnipeg Community Centres Board motion, adopted on April 2, 2007, that allocates any net proceeds from the disposition of the Kelvin Community Centre be directed towards funding the additional project funding requirements**

6. **That Council waive the Community Incentive Grant Program criteria related to the maximum City funding available for a specific project.**

Report Summary

Key Issues:

Based upon the most recent construction estimates prepared by Number Ten Architectural Group and their consultants, additional capital project requirements of $1.937 million have been identified for the project, based upon a 25,000 square foot building.

Estimated Project Cost	**$6,087,000****
Less: Previously Identified Funding Sources:	
Canada Strategic Infrastructure Fund– (City, Province, Federal)	($3,900,000)
City of Winnipeg – EK/T Land Dedication Reserve	($50,000)
City of Winnipeg – EK/T Community Incentive Grant Program	($200,000)
Current Funding Shortfall	**$1,937,000**

**Costs are based on a summer 2007 construction start. Cost escalation beyond this time frame would need to be added if the project is delayed.

The $1.937 million shortfall for the facility can be attributed to the following factors:

- The original Canada Strategic Infrastructure funding of $3.9M allocated to the project was previously deemed to be inadequate as the feasibility study completed in 2004, which included an original concept plan was for a 35,000 square foot facility, had a cost estimate of $4.985M.
- As such the concept plan was reduce to 25,000 sq. ft., the minimum footprint that was required to meet community need.
- The funds include for this project were identified in 2005 without a detailed analysis of the entire project and as such were not qualified as being adequate.

- Construction costs since 2005 have escalated from 18-30% per year.
- Comparative costs to recently constructed similar community centre facilities support the estimated square footage cost presented by the consultant team.

In July 2006, additional funding for the project, which increased the dedicated funding to $4.15M, was secured through:

  - $25,000 Community Incentive Grant – Elmwood-East Kildonan Ward
  - $175,000 Community Incentive Grant – North Kildonan Ward
  - $50,000 from the East Kildonan/Transcona Land Dedication Reserve.

The total square footage of the facilities now available for rationalization under RLALF is 27,702 square feet, which, exceeds the proposed square footage of the new facility.

Kelvin Community Centre	9,771 sq. ft.
Bronx Park Community Centre	9,371 sq. ft.
Good Neighbours Seniors Centre	8,560 sq.ft.
Total	**27,702 sq. ft.**

The delivery of this new facility model by the City of Winnipeg is critical in the initial stage of RLALF. The project fulfills many of the key objectives of RLALF, including:

- Partnership of private and public organizations;
- A reinvestment strategy for properties;
- Mandate from GCWCC to optimize the community centre model in Winnipeg
- Introduction of new facility types; and
- A commitment to sustaining existing programmable recreation and leisure square footage.

As a flagship project for the policy, its delivery will validate the commitment by the City of Winnipeg to the RLALF policy objectives and will further demonstrate the advantages, of potential new partnership models for its facilities. This is the first major rationalization under RLALF and it is critical that the facility meets community needs.

An analysis of the projected operating cost, based upon all three facilities (Kelvin Community Centre, Bronx Community Centre and 755 Henderson Hwy) being rationalized into one facility, indicates that the complex will be sustainable without incremental City support.

GCWCC Board has adopted a motion on Monday, April 2, 2007 that approved:

- Making a $277,000 project funding contribution from the Community Centre Investment Fund (CCIF)
- Approving that the net proceeds from the disposition of the Kelvin Community Centre be allocated towards the construction of the new Bronx Park Community Centre/Home of the Good Neighbours Senior Centre (estimated to be $100,000).
- Provide project interim financing to a maximum of $650,000 through the Community Centre Investment Fund in order to mitigate funding cashflow issues related to timing of property disposition and Community Incentive Grant Funding. There is Community Centre Investment Fund (CCIF) surplus cashflow of $1.25M in 2006 (Budget - $3.0M). In 2007 an additional $3.0M is provided in the City 2007 Adopted Budget for CCIF projects.

The Community Centres currently proposed for rationalization, which meets the intent of RLALF, have unfunded infrastructure liabilities of approximately $2,200,000 (Kelvin CC $1.6M/10 yr – Bronx Park CC $.4M/10yr – GNSC - $.2M/5yr). Construction of Bronx Park Community Centre/Home of the Good Neighbours Senior Centre will preclude addressing this unbudgeted liability.

Cautionary Considerations:

A facility based on the allocated budget will not allow construction of the size of facility/site identified by the project team as required for current and future programming needs. This could result in the partnership/model for this project to dissolve.

Good Neighbours Senior Centre Group may decide to remain at their current location and abandon the project/partnership should a significant change in project scope occur.

Community support/engagement may wane and/or negative feedback result if project model is dissolved or project delayed.

Delaying the project would require that additional budget be allocated to allow for future cost escalation.

Implications of the Recommendation(s):

General Implications

( ) None
(X) For the organization overall and/or for other departments
(X) For the community and/or organizations external to the City
( ) Involves a multi-year contract

Comment(s):
Additional funding sources for the construction of the facility need to be identified and approved. The project results in a rationalization of three facilities into one new 25,000 sq. ft. amenity for the community.

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

( ) Within approved current and/or capital budget
(X) Current and/or capital budget adjustment required

Comment(s):
Additional funding sources of $1,937,000 for the project need to be identified and approved in order for the proposed project design to proceed.

Report

REASON FOR THE REPORT:

Council approval of additional funding sources is required in order to construct the Bronx Park Community Centre/Home of the Good Neighbours Senior Centre.

HISTORY:

In 2004 a feasibility study was completed for this project that identified a requirement for a 35,000 sq. ft. facility at an estimated cost of $4.985 million.

In March 2006 Council approved capital funding in the amount of $43 million for the Recreation and Leisure Program, including $3.9 million previously approved under the Canada Strategic Infrastructure Fund (City, Province, Federal), for the Bronx Park Project.

In July 2006, in recognition of the additional project requirements, additional funding for the project was secured through:

- $25,000 Community Incentive Grant – Elmwood-East Kildonan Ward
- $175,000 Community Incentive Grant – North Kildonan Ward
- $50,000 from the East Kildonan/Transcona Land Dedication Reserve.

Total funding currently identified for the Bronx Park project is $4.150 million.

In August 2006, Number Ten Architectural Group was engaged to provide pre-design and schematic design services for the project. On November 9, 2006 Number Ten submitted a Pre-Design and Schematic Design Report which:

1) Defines the facility program,
2) Provides construction costs for the new facility, and
3) Shows schematic design options for the building and site.

The project requires $6.087M to construct while there currently is $4.15 million available. An additional $1.937M is required in order for the project to proceed.

The approved schedule for the delivery of the project calls for construction to begin in summer 2007.

DISCUSSION:

RLALF Implications

The Bronx Park Community Centre/Home of the Good Neighbours Senior Centre was the only community centre facility identified in the Recreation Leisure and Library Facility Policy (RLALF) project list. The project is unique in that it is based upon bringing two distinct groups together in a combined facility in an effort to further the synergies of each and create a truly multigenerational project.

The delivery of this new facility model by the City of Winnipeg is critical in the initial stage of RLALF. The project represents many of the key objectives of RLALF, including:

- Partnership of private and public organizations.
- A reinvestment strategy for properties.
- Mandate from GCWCC to optimize the community centre model in Winnipeg.
- Introduction of new facility types.
- A commitment to sustaining, existing, programmable recreation and leisure square footage.

As a flagship project for the policy, the delivery of the Bronx Park Community Centre/Home of Good Neighbours Senior Centre project will validate the commitment by the City of Winnipeg and GCWCC to the RLALF policy objectives and will further demonstrate the advantages, of potential new partnership models for community facilities.

The Community Centres currently proposed for rationalization, which meets the intent of RLALF, have unfunded infrastructure liabilities of approximately $2,200,000 (Kelvin CC $1.6M/10 yr – Bronx Park CC $.4M/10yr – GNSC - $.2M/5yr). Construction of Bronx Park Community Centre/Home of the Good Neighbours Senior Centre will preclude addressing this issue.

Facility Program and Schematic Design

Since January 2006, a project team of representatives of Bronx Park Community Centre, Good Neighbours Senior Centre, GCWCC and the City of Winnipeg has met bi-weekly. A number of sub-committees are working on programming, business plan, community engagement and fundraising. A management framework agreement has been approved in principle.

A Public Information Session on May 31, 2006 provided the community with information relative to the status of the project, the key issues surrounding its development and the next steps in its development.

Over the course of the last 4 months Number Ten Architectural Group, the project team and stakeholders have extensively reviewed the size/scope and costs associated with the new combined facility.

The intent of the facility program and schematic design is to facilitate and further the synergies created by bringing the two groups together. By developing such a facility program and schematic design it would build upon the intergenerational aspect of this unique partnership and foster a facility of integrated functions.

The conclusion by the project team reflects these principles:

- The scope and size of the project has been reduced considerably since the initial feasibility study was developed in 2004.
- The previous study identified a facility of approximately 35,000 sq. ft. The new program is approximately 25,000 sq. ft.
- The facility has less than 20% dedicated space for either organization. The remaining spaces are shared allowing the full potential of programming.
- The schematic building and site design have optimized spaces to create a compact but functional design (both interior and site development) that is again shared by both groups.

Capital Budget

The budget allocated to the project in 2005 from the Canada Strategic Infrastructure Fund was $3.9 million. Additional funding in the amount of $250,000 was obtained in 2006 through the City of Winnipeg Land Dedication account and CGIP grants, bringing the total funding for the project to $4.15 million.

In November 2006, the consultant team presented, a Cost Estimate for the project based on the facility program, type of building/systems, site development and soft costs (including professional fees).

Estimated Project Cost	**$6,087,000****
Less: Previously Identified Funding Sources:	
Canada Strategic Infrastructure Fund– (City, Province, Federal)	($3,900,000)
City of Winnipeg – EK/T Land Dedication Reserve	($50,000)
City of Winnipeg – EK/T Community Incentive Grant Program	($200,000)
Current Funding Shortfall	**$1,937,000**

**Costs are based on a summer 2007 construction start. Cost escalation beyond this time frame would need to be added if the project is delayed.

The $1.937 million shortfall for the facility can be attributed to the following factors:

- The original funding of $3.9M allocated to the project was previously deemed to be inadequate as the feasibility study completed in 2004, which included an original concept plan was for a 35,000 square foot facility, had a cost estimate of $4.985M.
- As such the concept plan was reduce to 25,000 sq. ft., the minimum footprint that was required to meet community need.
- Construction costs since 2005 have escalated from 18-30% per year.
- The cost for construction, including all soft costs is similar to other recently constructed community centre facilities. This supports the square footage cost, when factoring in increased annual construction costs, currently identified for the facility.

Red River Community Centre, constructed in 2004, had a project cost of $2.15 million for a facility of 11,000 sq.ft. This is equivalent to approximately $195/sq. ft. (including all soft costs). The new Bronx Community Centre/Home of Good Neighbours Senior Centre facility at 25,000 sq. ft. is estimated to cost $6.087 million or approximately $243/sq. ft. (including all soft costs). This is consistent with the construction cost escalation (18-30%) experienced in the industry over the last 2 years.

<u>Proposed Funding to Meet Additional Project Requirements:</u>

Additional funding is required in order to ensure that the Bronx Park Community Centre/ Home of the Good Neighbours Seniors Centre is constructed as a sustainable and well-equipped facility responsive to the needs of the community for years to come.

The additional recommended funding sources required in order to fund the project are as follows:

1	East Kildonan/Transcona Community Incentive Grant Program Funding	$200,000
2	Grant from the Winnipeg Foundation	$50,000
3	Dedicate, to a maximum, estimated net proceeds from property disposition of Kelvin Community Centre and 755 Henderson Highway (Good Neighbours Senior Centre)	$500,000
4	Community Centre Investment Fund	$277,000
5	2007 Innovative Capital	$910,000
	Total of Proposed Funding Sources	**$1,937,000**

1. East Kildonan/Transcona Community Incentive Grant Program - $200,000

   In 2006, $200,000 was approved as a commitment from CIGP. The Ward Councillors impacted by this project have agreed to an additional contribution of $100,000 each ($25,000 annually per ward from 2007-2010). As the project maximum under GIGP is $225,000 Council approval is required in order to waive criteria so that the additional CIGP funding can be applied to the additional project funding required.

2. Grant from the Winnipeg Foundation - $50,000

   The Bronx Park Community Centre/Home of Good Neighbours Senior Centre have submitted a joint application to the Winnipeg Foundation seeking a $150,000 grant contribution for the project. In March, 2007 the Winnipeg Foundation approved a grant of $50,000 towards the project.

3. Dedicate Net Proceeds From Sale of Property to a maximum of - $500,000

   The assessed values of Kelvin Community Centre and 755 Henderson Highway (where the Good Neighbours Seniors Centre is currently housed) are as follows:

   a) 755 Henderson – 2007 tax assessment $591,000

      Estimated net proceeds from sale of land and building $400,000

   Council approval is required for the net proceeds of the sale of 755 Henderson Hwy. to be diverted to the Bronx Park Community Centre/Home of Good Neighbours Senior Centre project rather than the Land Operating Reserve.

   Property Planning and Development has advised that the currently the Land Operating Reserve (LOR) commitments are of a magnitude greater than the monies available in the near future. For this reason, PPD recommends that only the net proceeds from the disposition of 755 Henderson required in order to achieve the $500,000 funding commitment from net property disposition be used as a funding source for this project. Any net proceeds from the disposal of Kelvin Community Club in excess of the estimate of $100,000 would reduce the funding commitment required from the sale of 755 Henderson Hwy and vice versa.

   It should be noted that the RLALF policy is unclear as to whether or not proceeds from the sale of buildings such as 755 Henderson Hwy, which are used for recreational purposes, would be used to fund other recreational facilities.

b) Kelvin Community Centre – 2007 assessment (includes back field area) $343,000

Estimated net proceeds from sale of front portion of lands $100,000

The RLALF Policy indicates *that proceeds from property sales that may arise as a result of Community Centre mergers will be reinvested in the Community Centre system. A reserve fund will be established for such proceeds. This fund will be governed by the GCWCC.*

The General Council of Winnipeg Community Centres Administration has been consulted in regards to this development and agrees that Bronx Park Community Centre/Home of Good Neighbours Senior Centre should be developed to meet the required facility program.

c) Net Proceeds Interim Financing

In order to proceed with the project, it is recommended that the estimate net proceeds of $500,000 from the disposition of the property that the Kelvin Community Centre resides on ($100,000) and 755 Henderson Hwy. ($400,000) properties are interim financed by the Community Centre Investment Fund. Upon sale of the property, or the expiry of the Management Agreement between the City and GCWCC, the Community Centre Investment Fund would be repaid.

The GCWCC Board adopted a motion on April 2, 2007 that approved that net proceeds from the disposition of the Kelvin Community Centre be utilized to fund additional capital project requirements; to interim finance from the Community Centre Investment Fund the estimated net proceeds from the proposed sale of Kelvin Community Centre and 755 Henderson Hwy ($500,000).

4. <u>Community Centre Investment Fund - $277,000</u>

The Community Centre Investment Fund is a $10M fund component in RLALF dedicated to improvement/development of existing community centres. GCWCC Board makes recommendations to EPC as to how these funds are to be allocated. To date, EPC has approved a funding allocation of $ 1.75 million for community centre projects.

The General Council of Winnipeg Community Centres Administration has been consulted in regards to this development and agrees that Bronx Park Community Centre/Home of Good Neighbours Senior Centre should be developed to meet the required facility program. The GCWCC Board adopted a motion on April 2, 2007 that approved a one time capital contribution of $277,000 towards project funding.

5. Utilization of 2007 Innovative Capital Funds - $910,000

   Council has approved Innovative Capital funds of $2,946,000 in the 2007 Adopted Budget. It is recommended that $910,000 of such funds be allocated to the Bronx Park Community Centre/Home of Good Neighbours Senior Centre project deficit.

Operating Budget

An analysis of the projected operating cost based upon all three facilities (Bronx Park, Kelvin Community Centre and 755 Henderson) being rationalized into one facility, indicate that the complex will be sustainable without incremental City support

Cautionary Considerations

If additional funding is not allocated, then a facility of the size of facility/site identified by the project team cannot be constructed to meet the current and future programming needs.

This may result in the following:

- The Partnership/Model may dissolve - Good Neighbours Senior Centre Group may decide to remain at their current location and abandon the project/partnership should a significant change in project scope occur.
- Community support/engagement may wane and/or negative feedback result if project model is dissolved or project delayed.
- Delaying the project would require that additional budget be allocated to allow for cost escalation.
- A decision to leave Kelvin Community Centre open would negate the intentions of the RLALF Policy.

Project Name: **First Year of Program** **2007**

Bronx Park CC/Home of Good Neighbours Senior Centre

Date: March 30, 2007

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ 6,087,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	4,150,000	-	-	-	-
Additional Capital Budget Required	$ 1,937,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ 910,000	$ -	$ -	$ -	$ -
Debt - External		-	-	-	-
Community Incentive Grant Program	50,000	50,000	50,000	50,000	
Winnipeg Foundation Grant	50,000	-	-	-	-
Community Centre Investemnt Fund	277,000	-	-	-	-
Other - Proceeds from Land Sales	500,000	-	-	-	-
Total Funding	$ 1,787,000	$ 50,000	$ 50,000	$ 50,000	$ -
Total Additional Capital Budget Required	$ 1,937,000				
Total Additional Debt Required	$ 910,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Cindy Fernandes
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Public Works
Community Services
Planning Property and Development
Legal Services

External Consultation With:
General Council of Winnipeg Community Centres Administration
General Council of Winnipeg Community Centres Board
Good Neighbours Seniors Centre
Bronx Park Community Centre

THIS REPORT SUBMITTED BY:

Department: Public Works Department
Division: Building Services Division
Prepared by: Clive Wightman, Director, Community Services Department; John D'Ignazio, Project Coordinator, Building Services Division
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