Agenda – Executive Policy Committee – March 12, 2014

REPORTS

Item No. 1 Multi-pad Arena Development – Garden City Community Centre "The Seven Oaks Arena Project" (Old Kildonan Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. As a result of due diligence to confirm preliminary project cost estimates; that the project cost of $17 million for the Garden City Community Centre 'Seven Oaks Multi-pad Arena' previously approved by Council on February 27, 2013 as a 1/3 cost sharing partnership between the Garden City Community Centre, the City of Winnipeg and the Province of Manitoba be revised to reflect a total project cost of $18,034,000 with the additional $1,034,000 to be funded as follows:

    1.1. that the Garden City Community Centre increase its funding contribution by $840,000 as approved by the GCCC Board on November 30, 2013 .

    1.2. that the City of Winnipeg waive the Community Centre Renovation Grant Program criteria to provide a Community Centre Renovation Grant to the Garden City Community Centre (GCCC) as follows:

        1.2.1. $44,000 from the 2013 Community Centre Renovation Grant surplus fund

        1.2.2. $50,000 each year over three years for total of $150,000 from the Community Centre Renovation Grant (CCRG) (2014/2015/2016)

2. That the amount of the City's loan guarantee of up to $17.0 million in favour of GCCC as approved by Council on February 27, 2013 be increased to up to $18,034,000.

3. That the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of any agreements required to implement the recommendations set forth in the Council decision of February 27, 2013 and this report.

4. That the Chief Financial Officer be delegated the authority to negotiate and approve the terms and conditions of any amendments required to the GCCC financing documents and loan guarantee in accordance with the recommendations set forth in this report.

ADMINISTRATIVE REPORT

Title: Multi-pad Arena Development – Garden City Community Centre
"The Seven Oaks Arena Project"

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
K. Knudsen	C. Wightman B. Thorgrimson	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

1. As a result of due diligence to confirm preliminary project cost estimates; that the project cost of $17 million for the Garden City Community Centre 'Seven Oaks Multi-pad Arena' previously approved by Council on February 27, 2013 as a 1/3 cost sharing partnership between the Garden City Community Centre, the City of Winnipeg and the Province of Manitoba be revised to reflect a total project cost of $18,034,000 with the additional $1,034,000 to be funded as follows:

   1.1. that the Garden City Community Centre increase its funding contribution by $840,000 as approved by the GCCC Board on November 30, 2013 .
   1.2. that the City of Winnipeg waive the Community Centre Renovation Grant Program criteria to provide a Community Centre Renovation Grant to the Garden City Community Centre (GCCC) as follows:
      1.2.1. $44,000 from the 2013 Community Centre Renovation Grant surplus fund
      1.2.2. $50,000 each year over three years for total of $150,000 from the Community Centre Renovation Grant (CCRG) (2014/2015/2016)

2. That the amount of the City's loan guarantee of up to $17.0 million in favour of GCCC as approved by Council on February 27, 2013 be increased to up to $18,034,000.

3. That the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of any agreements required to implement the recommendations set forth in the Council decision of February 27, 2013 and this report.

4. That the Chief Financial Officer be delegated the authority to negotiate and approve the terms and conditions of any amendments required to the GCCC financing documents and loan guarantee in accordance with the recommendations set forth in this report.

REASON FOR THE REPORT

Council must approve any revisions to the project value or cost.

Council must approve the increase to the amount of the loan guarantee.

IMPLICATIONS OF THE RECOMMENDATIONS

- On February 22, 2013 Council approved a tripartite funding partnership between the City of Winnipeg, Province of Manitoba and the Garden City Community Centre for the development of a new twin multi-pad arena. The Garden City Community Centre - 'Seven Oaks Arena Project' is a 100,000 sq. ft. new twin arena and multi-use facility including fitness and retail space, 3,000 sq. ft. of new programmable space on a 2nd floor to be located adjacent to the existing Seven Oaks Soccer Complex and Garden City Community Centre.
- The Garden City Community Centre (GCCC) has secured Construction Management services in order to ensure due diligence and to confirm project cost estimates. Included in the newly proposed project budget of $18,034,000 are Design, Engineering and Final Construction Tender costs of $17,413,000 plus a contingency of $621,000. To date $1.24M in project costs have been incurred.
- On November 30, 2013 the Garden City Community Centre Board approved a motion to increase its funding contribution to the project from $5.66 million to $6.5 million**.** A revised cash-flow statement reflects GCCC's ability to absorb this additional financing commitment (Appendix A).
- This report also recommends that the City of Winnipeg waive the Community Centre Renovation Grant Program criteria to provide a Community Centre Renovation Grant to the Garden City Community Centre as follows: $44,000 from the 2013 Community Centre Renovation Grant surplus fund and $50,000 each year over three years for total of $150,000 from the Community Centre Renovation Grant (CCRG) (2014/2015/2016). The CCRG Program is intended to support repairs, upgrades, retrofits, safety improvements and renovation projects at City of Winnipeg Community Centre facilities. Program applications are eligible for 100% support of project costs to a maximum of $50,000 per calendar year.
- The City of Winnipeg's operating grant would remain as a 25 year annual contribution to the GCCC of $358,929 per year required to retire the City of Winnipeg's previously approved share ($5.67 million) of the project cost.
- Details of the proposed revised funding sources are provided in Appendix B.
- Construction of the new multi-pad arena will not commence until Council has approved the revised project budget as recommended in this report.
- Project timelines have been adjusted as necessary as a result of time required to perform due diligence to confirm project cost estimates, with a projected opening date in Fall, 2015.

HISTORY

An Expression of Interest 430-2011 for the design, construction, development and operation of multi-pad arena complexes in Winnipeg was issued by the City of Winnipeg on October 17, 2011 and concluded on December 5th, 2011.

On February 22, 2013 Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the City of Winnipeg enter into a tripartite funding partnership with the Garden City Community Centre (GCCC) and the Province of Manitoba in support of a multi-pad (twin) arena development

and multi-use facility project, known as the Seven Oaks Arena Project; subject to confirmation satisfactory to the Chief Financial Officer of each partner committing to fund a 1/3 share of the $17 million capital cost, and that Council approve the City's funding contribution as follows:

1.1. A loan guarantee in favour of GCCC of up to $17.0 million.

1.2. Beginning in September 2014, a 25 year annual operating grant to GCCC of $358,929 per year required to retire the City of Winnipeg's 1/3 share ($5.67 million) of the $17 million capital cost.

2. That the City of Winnipeg enter into a funding agreement with GCCC which sets out the terms and conditions pursuant to which the City's funding is to be provided including without limitation, the following:
    i. that GCCC use 50% of the annual surplus cash flow generated by the newly developed Seven Oaks Arena, which amount shall be determined pursuant to GCCC's annual financial statements, to service the principal and interest payments on debt associated with the Seven Oaks Arena Project until such time as GCCC's $5.67 million share of such debt plus construction interest is repaid in full.
    ii. that GCCC maintain such above-noted surplus funds in a trust account until such time as a fixed lump sum payment can be made, at a minimum of once per fixed loan term.
    iii. that once the GCCC portion of the loan is paid in full, that GCCC annually transfer 50% of surplus cash flow to a restricted Capital Fund to be used exclusively for GCCC capital improvements.

3. That the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of the funding agreement and any other agreements required to implement the recommendations set forth in this report.
4. That the Chief Financial Officer be delegated the authority to negotiate and approve the terms and conditions of the GCCC financing documents and loan guarantee.
5. That Council declare the Vimy Arena and Old Exhibition Arena to be surplus properties and that such properties not be marketed or sold until such time as the newly developed Seven Oaks Arena is ready for its intended occupancy, at which time the Planning Property and Development Department shall develop a property disposition strategy for such sites, and that Recommendation 1 of this report be subject to such approval.
6. That Council approve that the net mill rate savings derived from the decommissioning of the Vimy Arena and Old Exhibition Arena be utilized to support the annualized operating grant funding contribution from the City of Winnipeg to the Seven Oaks Arena Project.
7. Further to the intent of the Recreation Leisure and Libraries Facilities policy, that Council approve the net proceeds derived from the property sale or disposition of City of Winnipeg recreational facilities, namely the Vimy Arena and Old Exhibition Arena, be reinvested into the development of recreational amenities within the Community Committee area where the property sale occurs.
8. That additional funding requirements as outlined in Table A associated with the decommissioning of the Vimy Arena and Old Exhibition facilities (mothballing, etc), as well as the estimated incremental Universal Funding Formula amount payable annually to GCCC as a result of additional heated square footage, be referred to the 2014 Operating Budget process.
9. That a public consultation process within each of the Assiniboia Community Committee and the Lord Selkirk-West Kildonan Community Committee areas be implemented in order to seek community input on the future reinvestment of the sale proceeds of the Vimy and Old Exhibition arenas within those geographic areas; and further that $50,000 in incremental operating funding to the Community Services Department for consultant services to facilitate the consultations be referred to the 2014 operating budget process.
10. That the Proper Officers of the City be required to do all things necessary to implement the intent of the foregoing.

Financial Impact Statement

Date: February 5, 2014

Project Name:

First Year of Program 2013

Multi-pad Arena Development Proposal - Garden City Community Centre "The Seven Oaks Arena Project"

	2013	2014	2015	2016	2017
Capital					
Capital Expenditures Required	$ 44,000	$ 50,000	$ 50,000	$ 50,000	$ -
Less: Existing Budgeted Costs	44,000	50,000	50,000	50,000	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs (Munic Accom; UFF; Operating Grant)					
Less: Revenue (two arenas)			-	-	-
Net Cost/(Benefit)		$ -	$ -	$ -	$ -
Less: Existing Budget Amounts (Exp & Rev) (Munic Accom; UFF, Revenue, Operating Grant)					
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Increasing the total cost of the Garden City Community Club (GCCC) "Seven Oaks Multipad Arena" project from $17M to $18.034M requires a City of Winnipeg capital contribution of $194,000 from the Community Centre Renovation Grant Program..

The increased cost to the project will be financed through an increased contribution from the Garden City Community Centre of $840,000 and through the City of Winnipeg Community Centre Renovation Grant Program in the amounts of $44,000 from 2013 surplus (i.e. unawarded balance), and $50,000 each year of 2014 through 2016.

original signed by

Cindy Fernandes, CMA
Department Controller
Community Services Department

CONSULTATION

In preparing this report there was consultation with:

Corporate Finance Department
Planning, Property and Development Department
Legal Services Department
Garden City Community Centre Board

SUBMITTED BY

Department: Community Services
Division: Strategic and Business Support Services
Prepared by: K. Knudsen
Date: February 26th, 2014
File No.

Attachments:

Appendix A:



GCCC Cashflow 2014 Final

Appendix B:

Proposed Funding Sources – Garden City Community Centre (GCCC) Twin Arena Expansion	
GCCC	$6,500,000
City of Winnipeg	$5,670,000
Province of Manitoba	$5,670,000
CC Reno Grant (2013 surplus)	$44,000
CC Reno Grant (2014/15/16 total)	$150,000
Total Funding Sources	**$18,034,000**