Minutes – Executive Policy Committee – June 18, 2014

REPORTS

Minute No. 385 Field House Development Proposal – Jonathan Toews Community Centre (St. Norbert Ward)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the 2013 capital project budget entitled "Jonathan Toews Community Centre Field House" ("the Project"), the approval of which is conditional upon the submission of a satisfactory business plan to Council prior to commencement of construction, be amended from $9.534 million to a total of $15.9 million.

2. That prior to submission of a satisfactory business plan to Council, $120,000 of the City's approved total contribution to the Project be authorized to undertake and complete: additional facility design development to a minimum of 10%; a class C cost estimate; a phased site plan with detailed costs; and a completed business plan.

3. That a project management and procurement strategy be developed in collaboration with the Jonathan Toews Community Centre (JTCC).

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

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

Title: **Field House Development Proposal – Jonathan Toews Community Centre**

Critical Path: **Executive Policy Committee; Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Kiernan	B. Thorgrimson		

RECOMMENDATIONS

1. That the 2013 capital project budget entitled "Jonathan Toews Community Centre Field House" ("the Project"), the approval of which is conditional upon the submission of a satisfactory business plan to Council prior to commencement of construction, be amended from $9.534 million to a total of $15.9 million.

2. That prior to submission of a satisfactory business plan to Council, Council authorize $120,000 of the City's approved total contribution to the Project to undertake and complete: additional facility design development to a minimum of 10%; a class C cost estimate; a phased site plan with detailed costs; and a completed business plan.

3. That a project management and procurement strategy be developed in collaboration with the Jonathan Toews Community Centre (JTCC).

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

REASON FOR THE REPORT

Council approval is required to:

a) amend a capital budget; and
b) spend up to $120,000 of budgeted funds prior to receiving Council approval for the project to proceed.

IMPLICATIONS OF THE RECOMMENDATIONS

- The capital project budget for the Jonathan Toews Community Centre Field House will increase from $9.534 million to $15.9 million.

- The Public Service will be authorized to spend up to $120,000 on facility design development to a minimum of 10%; a class C cost estimate; a phased site plan with detailed costs; and a completed business plan for the Project.
- A project management and procurement strategy for the Project will be developed.

HISTORY

On February 27, 2013, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

- *That a new 2013 capital project, "Jonathan Toews Community Centre Field House Development", be approved in the amount of $9.534 million to be financed through $4.767 million from the Province of Manitoba and $4.767 million from the City of Winnipeg share.*

- *That approval of this project be conditional upon the submission of a business plan from the Jonathan Toews Community Centre for the Field House Development project to the City of Winnipeg Public Service outlining the project description, capital cost estimates/cash flows, financing, construction timetable, class of estimates, projected operating costs, project management and procurement plans, etc., satisfactory to the City of Winnipeg Public Service, and that the Public Service report back to Council prior to commencement of construction to obtain approval for the project to proceed, approval of required borrowing authority, debt reallocation, and identifying any associated operating costs.*

On February 11, 2014, the Public Service met with JTCC representatives and the Province of Manitoba to determine the current status of the facility, site and business plans and the "move forward" options for the Field House project to be initiated.

On February 25, 2014, a follow up meeting occurred with the key project consultants, Stantec Consulting Ltd. and HTFC Planning and Design, to review works completed to date, gaps, and the required steps to ensure project confirmation.

On March 6, 2014, Urban Design and Municipal Accommodations confirmed key project requirements for project initiation.

On March 10, 2014, Riel Community Committee recommended that the Winnipeg Public Service earmark up to $2 million of proceeds as an additional City contribution to the Jonathan Toews Community Centre Fieldhouse Expansion and that up to an additional $2 million be earmarked for front ending the required Provincial Government contribution.

Subsequently, on April 30, 2014, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the Winnipeg Public Service be directed to earmark up to $2 million of proceeds from the City/Qualico River Park South joint venture, as an additional City contribution to the Jonathan Toews Community Centre Fieldhouse Expansion.

2. That up to an additional $2 million be earmarked for front ending the required Provincial Government contribution, which will be repaid through the current Manitoba Winnipeg Infrastructure Agreement.

Discussion

A $9.534 million 2013 capital project budget for the Jonathan Toews Community Centre Field House was established (capital project # 6399000313) in early 2014 and placed "on hold" pending receipt of a business plan from JTCC as directed by Council. While the contingent budget approved by Council on February 27, 2013 was $9.534 million, initial cost estimates for the Project provided by JTCC were +/- $13.7 million. The most recent preliminary project costs estimates for the Project have increased to approximately $15.9 million. Subsequent to Council's February 27, 2013 approval, the Province committed to the project an additional $233,000 in 2013 MWIA funding, leaving a funding shortfall of $6.133 million.

To address this shortfall, JTCC is seeking additional contributions of $933,000 from the City and $1 million from the Province. JTCC further anticipates obtaining $4 million in debt financing, (City of Winnipeg loan guarantee) and securing a $200,000 sponsorship deal, both of which would require Council approval.

Therefore, if/when Council approves the required business plan, the budget for this project will increase by $6.366 million and total funding sources may be identified as:

- A City contribution of $933,000 from the Land Operating Reserve Fund (i.e. net income of the City-Qualico River Park South government business partnership); a Provincial commitment of $1.233 million, (including $233,000 in 2013 Manitoba-Winnipeg Infrastructure Agreement (MWIA) already committed, which brings the total 2013 MWIA commitment to $5 million); debt financing of $4 million obtained by the Jonathan Toews Community Centre (JTCC), subject to Council approval of a loan guarantee; and $200,000 in JTCC sponsorship revenue, also subject to Council approval.
- This additional $1 million in anticipated MWIA funding from the Province may be interim-financed from the Land Operating Reserve Fund (i.e. from net income of the City-Qualico River Park South government business partnership).
- An additional $2 million, over and above the $15.9 million for the current building space plan, from the net income of the City-Qualico River Park South government business partnership may be "reserved" in the Land Operating Reserve Fund to address potential unforeseen issues, $1 million of which represents interim-financing by the City of a further anticipated Provincial MWIA contribution. The use of this "reserved" amount would be subject to Council approval.

At this time, the Public Service is required to confirm that Council wishes to proceed based upon the latest preliminary capital cost of $15.9 million. This represents an order of magnitude cost of approximately $268/ft^2. The actual budget will depend on final design, site and servicing impacts, architectural, engineering and finance costs, all of which are currently unknown. Therefore, approval is required to spend up to $120,000 from the City's potential $5.7 million contribution to advance these variables to a Class C cost estimate and business plan before further financial resources are allocated.

The current leadership of the project is resting with the volunteer board and facility manager. Further discussion is required to confirm the roles of the City, the JTCC Board, and a Project Manager, as well as a delivery and procurement strategy.

Site Planning

- Phase 1 - An updated site plan is required for the Dakota site, which includes an approximately 53,000 ft^2 Fieldhouse and associated site impacts and implications (e.g. parking, site servicing, access, mitigations, circulation and access, etc.).

- Phase 2 - A shadow plan will be developed that can accommodate future site and facility plans and options as well as service life statements on the assets that are co-located (lawn bowling, forest, “spray” ground, basketball court, outdoor hockey pens, etc.).

Facility Development

- The proposed facility is in the preliminary concept / design development stage and needs, based on the relatively straight forward nature of the building, to be taken to the 10% design development stage to allow appropriate programing, facility, funding, and business plan developments to be aligned. The proposed building is currently at approximately 53,000 ft^2 and has been budgeted at \$268/ ft^2, with additional funds to include some of the contingency factors, design and associated site and servicing costs.

Cost Certainty

- Before the services of a quantity surveyor can be engaged and final cost estimates determined, additional design work to a minimum of 10% of the facility and the associated site work plans is required.

Business Plan

- A preliminary business plan has been received but a more detailed model is required outlining further capital cost estimates/cash flows, financing, construction timetable, class of estimates, projected operating costs, project management and procurement plans.
- No approved funds, other than the \$120,000 subject to approval of Recommendation 2, can be expended on the project until the acceptance of a business plan, which has a number of outstanding issues requiring resolution. Greater project detail is required and necessitates the expenditure of funds.

Details of Preliminary Project Cost and Partner Funding allocation proposals

Original Estimate as submitted by JTCC	**Note**		
Proposed Funding Sources			
- City of Winnipeg		$4,700,000	
- Province of Manitoba		$5,000,000	
- JTCC (loan guarantee)		$4,000,000	$13,700,000
Revised Estimate as submitted by JTCC	1		
Proposed Funding Sources			
- City of Winnipeg		$5,700,000	
- Province of Manitoba		$6,000,000	
- JTCC Loan Guarantee		$4,000,000	
- JTCC Sponsorship		$ 200,000	$15,900,000
Funding Sources approved by Council (2/27/13)	2		
- City of Winnipeg		$4,767,000	
- Province of Manitoba		$4,767,000	
Subtotal		$9,534,000	
- Province of Manitoba (additional 2013 MWIA funding)		$ 233,000	
JTCC Proposed Loan Guarantee	3	$4,000,000	$13,767,000
Funding Gap			$ 2,133,000
Additional Funding Required to Address Gap			
- City of Winnipeg		$ 933,000	
- Province of Manitoba		$1,000,000	
- JTCC Sponsorship		$ 200,000	$ 2,133,000
			$ 0

Note 1

- JTCC requested an additional $933,000 from the City and $1 million from the Province and committed to $200,000 in sponsorship funding (Additional $2.133 million).

Note 2

- Funding sources and gaps based upon Council approval of February 27, 2013, which approval is contingent upon a matching contribution from the Province of Manitoba. Provincial contribution of $5 million includes $233,000 in 2013 MWIA funding committed by the Province subsequent to Council's February 27, 2013 approval.

Note 3

- Funding is contingent upon Council approval of proposed loan guarantee.

The Dakota Park site with the Jonathan Toews Community Centre is one of the key recreation and sport providers in the southeast quadrant of the city. Situated on an 80 acre site, the JTCC provides: a gymnasium; 2 indoor rinks; 3 outdoor rinks; splash pad / wading pool; lawn bowling green; soccer/rugby pitch; outdoor basketball court. Additional community services include a Skate Care Centre, the Dakota Nursery School, and the adjacent Louis Riel Library. Extensive programming exists, generating significant revenues along with facility rentals.

FINANCIAL IMPACT

Financial Impact Statement **Date:** May 26, 2014

Project Name: **First Year of Program** **2014**

Field House Development Proposal – JTCC

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required	$ 15,900,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	9,534,000	-	-	-	-
Additional Capital Budget Required	$ 6,366,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External (loan guarantee)	4,000,000	-	-	-	-
Province of MB (MWIA)	1,233,000	-	-	-	-
Reserves, Equity, Surplus	933,000	-	-	-	-
Other - JTCC Sponsorship	200,000	-	-	-	-
Total Funding	$ 6,366,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 6,366,000				
Total Additional Debt Required	$ 4,000,000				
Current Expenditures/Revenues					
Direct Costs	$ 120,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 120,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	120,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures of $15.9 million represent the most recent preliminary cost estimates for the Project. While expenditures would occur over multiple years, all amounts are shown in 2014 for this analysis. The proposed capital budget is contingent upon receipt and approval by Council of a business plan from JTCC. Direct costs in 2014 represent consulting costs for additional facility design development, a phased site plan and the development of a detailed business plan. Funding for these expenditures is recommended to come from the approved $4.767 million City contribution. These costs will be charged initially to the Land Operating Reserve and will be transferred to, if ultimately approved by Council, the JTCC capital project budget.

Original Signed by:
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Corporate Finance Department
Community Services Department
Stantec Engineering / HTFC
Representatives of Jonathan Toews Community Centre

SUBMITTED BY

Department:	Planning, Property & Development
Division:	Urban Design Division
Prepared by:	John Kiernan
	Clive Wightman
Date:	May 26, 2014
File No.	

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Attachments:

1. **Overall site:**



Overall Site

2. **Areas to be immediately developed:**



Immediate Development Areas