Agenda – Executive Policy Committee – September 17, 2014

REPORTS

Item No. 8 Transcona East End Community Club Arena Expansion Project – Additional Cost Items and Project Scope (Transcona Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Transcona East End Community Club (TEECC) Arena Expansion Project Budget of $11,500,000 approved by Council on February 26th, 2014, be revised to reflect a Total Project Cost of $12,832,046 as a result of the additional cost items outlined in Appendix A.

2. That the additional funding requirement of $1,332,046 be funded by:
   a. a contribution of $1,132,046 provided from unrestricted funds currently available in the TEECC bank account as approved by the TEECC Board on June 23rd, 2014; and
   b. a contribution of $200,000 from the Community Centre Renovation Fund (CCRF), subject to Recommendation three (3) below.

3. That Council waive the Community Centre Renovation Fund grant application process and criteria and provide a $200,000 Community Centre Renovation Fund grant to TEECC as follows:
   a. $50,000 in the Fall of 2014 against the 2014 Adopted CCRF; and
   b. $150,000 in 2014 or prior to the adoption of the 2015 Capital Budget as a first charge against the General Capital Fund in accordance with Subsection 288(2) of the City of Winnipeg Charter.

4. That Council authorize the Public Service to enter into an amendment to the funding agreement between TEECC and the City to implement the recommendations set forth in this Report, and that the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of such amending agreement.

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

ADMINISTRATIVE REPORT

Title: **Transcona East End Community Club Arena Expansion Project – Additional Cost Items and Project Scope**

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

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

RECOMMENDATIONS

1. That the Transcona East End Community Club (TEECC) Arena Expansion Project Budget of $11,500,000 approved by Council on February 26th, 2014, be revised to reflect a Total Project Cost of $12,832,046 as a result of the additional cost items outlined in Appendix A.

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4. That Council authorize the Public Service to enter into an amendment to the funding agreement between TEECC and the City to implement the recommendations set forth in this Report, and that the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of such amending agreement.

5. 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 must approve any revisions to the project value or cost and Council must approve the waiver of the Community Centre Renovation Fund grant application process and criteria.

IMPLICATIONS OF THE RECOMMENDATIONS

- Appendix A provides a detailed reconciliation of an estimated $1.33 million in additional cost items over the previously approved Project Budget of $11,500,000 bringing the revised Project Budget to $12,832,046.
- The TEECC financial information as at June 30, 2014 as provided to the City of Winnipeg indicates TEECC's ability to meet the additional net cash requirement of $1,132,046.
- Given the TEECC Arena Expansion Project began as a 1/3 equal cost sharing initiative, this report also recommends that in order to reduce TEECC's proportionate funding share of the project, the Council waive the Community Centre Renovation Fund Program criteria to provide a Community Centre Renovation Grant to the TEECC as follows:
    - a contribution of $200,000 from the Community Centre Renovation Fund ($50,000 – 2014, $150,000 first charge against the General Capital fund).
- Current history indicated that over the past two years the CCRF has been undersubscribed and that there will be enough CCRF funds available to accommodate an allocation of $200,000 for this significant community centre investment at the TEECC site.
- The City of Winnipeg's funding contribution is being provided as a 25-year annual operating grant of $190,000 per year required to retire the City of Winnipeg's 1/3 share ($3 million) of the original project cost as well as a capital grant of $750,000 as approved in the 2014 Capital Budget for a total of $3,750,000. Should Council agree with Recommendation 2 and 3 of this report, the City of Winnipeg would provide an additional $200,000 in Community Centre Renovation Fund program financing over the next six months, bringing the total City of Winnipeg funding contribution to $3,950,000.
- All financial implications to the City of Winnipeg from both an operating and a capital perspective are included in the 2014 Adopted Budget and the Projected Budgets of 2015 and 2016. No further adjustments are required to revise the City of Winnipeg contribution for this arena development project.
- Should Council agree with Recommendation 2 of this report, the revised funding contributions for the adjusted project scope and budget are as follows:

TEECC	$ 5,132,046
City of Winnipeg	$ 3,950,000
Province of Manitoba	$ 3,750,000
TOTAL	**$12,832,046**

- The City will ensure that additional insurance requirements, if any, are met as a result of the additional work being proposed.

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 27, 2013, Council concurred in the recommendation of the Executive Policy Committee and approved a tripartite funding partnership between the Transcona East End Community Centre, the City of Winnipeg and the Province of Manitoba for the East End Community Club Arena Expansion project for a $9.0 million capital cost with the City's funding contribution being provided as an 25-year annual operating grant of $190,000 per year required to retire the City of Winnipeg's 1/3 share of the project cost.

On February 26th, 2014, Council concurred in the recommendation of the Executive Policy Committee and approved the revised total project cost from $9.0 million to $11.5 million with the additional $2.5 million to be funded with a $1.5 million capital grant to be shared equally ($750,000 each) between the City of Winnipeg and the Province of Manitoba and an additional $1 million contribution from TEECC as approved by its Board on January 31, 2014.

On June 6, 2014, the City of Winnipeg received confirmation from the Province of Manitoba of its funding contribution share ($750,000) of the $1.5 million capital grant as referenced above.

Since receiving Council approval of an amended project budget of $11.5 million on February 26th, 2014, the Transcona East End Community Club Board has, on June 23rd, 2014, approved the following motion:
"*that in order to accommodate additional costs outside of the intended scope related to the Council approved $11.5 million arena expansion at TEECC,*
that the Board of TEECC approve additional improvements of up to a maximum of $1.6 million and,
Whereas TEECC is undertaking the Transcona East End Arena Expansion Project together with the City of Winnipeg and the Province of Manitoba and,
Whereby the TEECC funding portion reflects more than a one third contribution,
Be it resolved that any additional funding received be directed towards the TEECC until such time as the funding partnership reflects an equal one third funding partnership."

FINANCIAL IMPACT

Financial Impact Statement **Date:** September 2nd, 2014

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

TEECC Arena Expansion Project - Additional Cost Items and Project Scope

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required	50,000	150,000		$ -	$ -
Less: Existing Budgeted Costs	50,000			-	-
Additional Capital Budget Required	$ -	$ 150,000	$ -	$ -	$ -
Funding Sources:					
Corporate Non-Specified Capital		$ -	$ -	$ -	$ -
Debt - External		-	-	-	-
Cash to Capital		150,000	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - TEECC cash on hand	1,132,046	-	-	-	-
Total Funding	$ 1,132,046	$ 150,000	$ -	$ -	$ -
Total Additional Capital Budget Required - First Charge on 2015	$ 150,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Revenue			-		-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less:					
Net Budget Adjustment Required	$ -		$ -	$ -	$ -

Additional Comments:

The incremental cost of the Transcona East End Community Club project of $1,332,046 (from $11,500,000 to $12,832,046) is being funded by TEECC in the amount of $1,132,046 as approved by the TEECC Board, and a total proposed Community Centre Renovation Fund (CCRF) contribution of $200,000. This report proposes a $50,000 payment from the 2014 Adopted Community Centre Renovation Fund Capital Budget, and a first charge against the 2015 General Capital Fund, to be paid to TEECC on or prior to March 31, 2015. A waiver of CCRF grant application and criteria is required from Council.

"Original signed by"

Cindy Fernandes, CMA
Manager of Finance and Administration
Community Services Department

CONSULTATION

In preparing this report there was consultation with:

Corporate Finance Department
Planning, Property and Development Department
Legal Services Department
Transcona East End Community Club Board

SUBMITTED BY

Department: Community Services
Division: Strategic Management and Business Support Services
Prepared by: K. Knudsen
Date: September 3rd, 2014
File No.

Appendix A: TEECC Revised Budget



Appendix A - TEECC Additional Cost Items