Minutes – Executive Policy Committee – December 3, 2014

REPORTS

Item No. 22 Winnipeg Soccer Federation Inc. – Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park (Old Kildonan and Point Douglas Wards)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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

1. That a new 2014 capital grant of $7 million be approved, to be financed by external debt, to the Winnipeg Soccer Federation Inc. (WSF), subject to confirmation of funding contributions from the Province of Manitoba of $8.155 million and the WSF of $5.326 million, towards the construction of a:
   A. $19.326 million indoor soccer multiplex to be located at the Garden City Community Centre and a
   B. $1.155 million outdoor soccer pitch to be located at Shaughnessy Park.

2. That pursuant to Recommendation 1, a new 2014 capital project be established with a budget of $14 million to account for the contributions flowing to the project from the City and under the Manitoba Winnipeg Infrastructure Agreement (MWIA) between the City and the Province of Manitoba.

3. That as a result of the recent Provincial funding commitment to this project under the 2014 Manitoba Winnipeg Infrastructure Agreement (MWIA), previously approved 2014 debt financing be adjusted as follows, given all MWIA funds have been allocated to other projects in the 2014 capital budget:

   A. Additional tax-supported borrowing authority be approved in the amount of $7 million (for a total of up to $14 million new borrowing when combined with the $7 million tax-supported borrowing authority noted in Recommendation 1).
   B. The Chief Financial Officer be delegated the authority to reallocate financing sources, including debt financing, for approved 2014 capital projects consistent with the intent of Recommendation 3.A.
   C. The Director of Legal Services and City Solicitor be requested to submit the necessary borrowing by-law to Council.

4. That the related debt and finance charges from this report be included as required beginning in the 2015 operating budget in the Community Services Department.

5. That the 1% administrative overhead and the 2% interest overhead charges be waived as City of Winnipeg funding is provided by way of a capital grant.

6. That a construction loan guarantee be approved in favour of the Winnipeg Soccer Federation Inc. (WSF) of up to $15 million, and that upon project completion the construction loan be converted to a fixed rate term loan not to exceed $5.326 million with the City's loan guarantee to be reduced to an equivalent amount.

7. That the City enter into a funding agreement with the WSF which sets out the terms and conditions pursuant to which the City's funding is to be provided.

8. That the Proposed Terms and Conditions attached as Appendix "C" for a lease agreement between the City and the WSF for land located at the site of Shaughnessy Park on which a FIFA regulation sized outdoor lighted artificial turf soccer pitch and associated services is to be constructed be approved, and that the City enter into a lease agreement to implement the intent of the foregoing.

9. That the Proposed Terms and Conditions attached as Appendix "D" for a lease agreement between the City and the WSF for land located at the site of the Garden City Community Centre, on which an indoor soccer multiplex is to be constructed, be approved and that the City enter into a lease agreement to implement the intent of the foregoing.

10. That the Chief Financial Officer be delegated the authority to negotiate and approve the terms and conditions of the WSF financing documents and loan guarantee, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

11. That the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of the funding agreement, the lease agreements, and any other agreements required to implement the aforementioned recommendations, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

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

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

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

Carried

ADMINISTRATIVE REPORT

Issue: Winnipeg Soccer Federation Inc. and Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park

Critical Path: Executive Policy Committee→ Council

AUTHORIZATION

Author	Department Head	CFO	CAO
C. Wightman	C. Wightman B. Thorgrimson B. Sacher	Betty Holsten-Boyer A/CFO	M. Jack A/COO

RECOMMENDATIONS

1. That Council approves a new 2014 capital grant of $7 million, to be financed by external debt, to the Winnipeg Soccer Federation Inc. (WSF), subject to confirmation of funding contributions from the Province of Manitoba of $8.155 million and the WSF of $5.326 million, towards the construction of a:
    a. $19.326 million indoor soccer multiplex to be located at the Garden City Community Centre and a
    b. $1.155 million outdoor soccer pitch to be located at Shaughnessy Park.

2. That pursuant to Recommendation 1, a new 2014 capital project be established with a budget of $14 million to account for the contributions flowing to the project from the City and under the MWIA agreement between the City and the Province of Manitoba.

3. That, as a result of the recent Provincial funding commitment to this project under the 2014 Manitoba Winnipeg Infrastructure Agreement (MWIA), Council adjust previously approved 2014 debt financing as follows, given all MWIA funds have been allocated to other projects in the 2014 capital budget:

    a. Additional tax-supported borrowing authority be approved in the amount of $7 million (for a total of up to $14 million new borrowing when combined with the $7 million tax-supported borrowing authority noted in #1 above).
    b. The Chief Financial Officer be delegated the authority to reallocate financing sources, including debt financing, for approved 2014 capital projects consistent with the intent of a. above.
    c. The Director of Legal Services and City Solicitor be requested to submit the necessary borrowing by-law to Council.

4. That the related debt and finance charges from this report be included as required beginning in the 2015 operating budget in the Community Services Department.

5. As City of Winnipeg funding is provided by way of a capital grant, that Council approves the waiving of the 1% administrative overhead and the 2% interest overhead charges.

6. That Council approves a construction loan guarantee in favour of the WSF of up to $15 million, and that upon project completion the construction loan be converted to a fixed rate term loan not to exceed $5.326 million with the City's loan guarantee to be reduced to an equivalent amount.

7. That the City enters into a funding agreement with the WSF which sets out the terms and conditions pursuant to which the City's funding is to be provided.

8. That the Proposed Terms and Conditions attached as Appendix "C" for a lease agreement between the City and the WSF for land located at the site of Shaughnessy Park on which a FIFA regulation sized outdoor lighted artificial turf soccer pitch and associated services is to be constructed be approved and that the City enters into a lease agreement to implement the intent of the foregoing.

9. That the Proposed Terms and Conditions attached as Appendix "D" for a lease agreement between the City and the WSF for land located at the site of the Garden City Community Centre, on which an indoor soccer multiplex is to be constructed, be approved and that the City enters into a lease agreement to implement the intent of the foregoing.

10. That the Chief Financial Officer be delegated the authority to negotiate and approve the terms and conditions of the WSF financing documents and loan guarantee, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

11. That the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of the funding agreement, the lease agreements, and any other agreements required to implement the aforementioned recommendations, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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

REASON FOR THE REPORT

Council approval is required to authorize borrowing, provide a capital grant, approve a loan guarantee, and enter into a funding agreement and lease agreements. Pursuant to subsection 205(2) of The City of Winnipeg Charter, approval by a vote of 2/3 of all members of Council is required for the proposed leases because the lands on which the FIFA regulation sized lighted outdoor artificial turf soccer pitch and associated services and the indoor soccer multiplex are to be located are also used for parks purposes.

IMPLICATIONS OF THE RECOMMENDATIONS

- The demand for soccer facilities, particularly indoor fields, now exceeds current capacity and continues to grow. The attached Winnipeg Soccer Federation Business Plan *'Development of Future Soccer Facilities Proposal'* was developed in 2011 to address the emerging and urgent needs of the soccer community in both Winnipeg and the Province of Manitoba. The need for the development of an indoor soccer multiplex and additional outdoor soccer pitch as proposed within this report is further highlighted by significant soccer events to be hosted in Winnipeg as follows:
  FIFA Women's World Cup
    - Winnipeg is one of the six Canadian host cities for the FIFA Women's World Cup in 2015.
    - The Women's World Cup will require four synthetic grass fields with a FIFA certification for use in Winnipeg.
    - There are currently two fields available (one at Winnipeg Soccer Complex and one at U of M). A third outdoor artificial turf field to be located at St. Vital Memorial Park costing $900,000 has been awarded through The Winnipeg Community Infrastructure Program. The new pitch in Phase One at the Shaughnessy Park site would bring the total to the required four pitches.

  Canada Summer Games
    - Winnipeg is hosting the 2017 Canada Summer Games creating further demand for additional soccer facilities.

- Phase One of the WSF Business Plan (Appendix A) originally proposed construction of an indoor four-plex and two adjacent artificial turf illuminated outdoor soccer pitches. The original Phase One was modified to include only one additional outdoor illuminated artificial turf pitch. The approximate cost for the indoor multiplex and additional outdoor pitch is $20.481 million.
- A Feasibility Study was jointly funded by the WSF and the Province of Manitoba and was conducted by an independent consultant to determine the best location for the indoor complex as proposed. The Garden City Community Centre (GCCC) was selected as the number one location based on a variety of criteria such as transit routes, population density, etc.
- At its September 11th, 2014 meeting, the GCCC Board approved the construction of the aforementioned indoor soccer multiplex on the North West quadrant of the Garden City Community Centre site.
- The outdoor artificial turf pitch will be located at Shaughnessy Park next to Billy Mosienko Arena. It is anticipated that the construction of the FIFA regulation sized lighted outdoor artificial turf pitch will begin immediately and will be completed by Spring, 2015 in advance of the FIFA Women's World Cup. This pitch along with the previously announced Provincial commitment to build another FIFA regulation sized outdoor artificial turf pitch will provide the City of Winnipeg the appropriate number of outdoor artificial turf pitches required to host the FIFA Women's Under 20 World Championship. Additionally, the new FIFA regulation sized lighted outdoor artificial turf pitch will ensure that, as the Host of the 2017 Canada Summer games, Winnipeg soccer infrastructure is at a high standard.
- Project Management will be performed by the WSF. The Planning Property and Development Department has assigned a Project Officer to the WSF to ensure that all City requirements are considered.
- The WSF will report to the City through the creation of a Project Steering Committee comprised of representatives from all relevant stakeholders (City/WSF) to oversee project due diligence, transparency and accountability. The Project Steering Committee will also report to the Major Capital Project Steering Committee.
- The soccer multiplex and the FIFA pitch are being built on City land and will be owned by the City of Winnipeg.

Project Funding Sources and Project Cost Detail

- Council approval is required in order to debt finance a new $7.0 million 2014 capital contribution towards the construction of a $20.481 million indoor soccer multiplex and a FIFA regulation sized lighted outdoor artificial turf pitch. As City of Winnipeg funding is provided by way of a capital grant the grant must be exempt from the 1% administrative overhead and the 2% interest overhead charge. In addition, previously approved 2014 debt financing will require adjustment as all MWIA funding has already been allocated in the 2014 capital budget. New debt to replace the Provincial MWIA amount of $7.0million (for a debt total of $14.0million) is required.
- The Province of Manitoba is committing $8.155 million towards the $20.481 million capital cost of the WSF proposal.
- WSF has agreed to debt finance a loan of $5.326 million and has agreed to cover all costs associated with construction financing, including any potential construction cost overruns. The Public Service has reviewed the WSF Business Plan (Appendix A) and adequate cash flows, per the attached Proforma (Appendix B) are in place to service the WSF loan of $5.326 million.
- As per the conditions attached to a City of Winnipeg approval of a loan guarantee, in the unlikely event of default, the City of Winnipeg would be responsible for making required debt payments.

Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park
Total Estimated Project Budget & Funding Reconciliation
As at November 1, 2014 (See Notes 1,2,3,4,5)

Phase One		
Funding Sources		
Winnipeg Soccer Federation (loan guarantee by the City/ also includes construction financing of $250,000)		$5,326,498
Province of Manitoba (MWIA $7.0M+ other $1.155M)		$8,155,000
City of Winnipeg		$7,000,000
Total Potential Funding Sources		**$20,481,498**
Phase One (PST included where applicable)		
Cost Details of Indoor Soccer Multi-Plex (Class 2 Estimate)		
Construction		
• Labour	$422,502	
• Material	$798,183	
• Subcontract	$12,985,352	
• Equipment	$196,481	$14,402,518
Building Permit		$208,933
Insurance Requirements		$184,058
General Conditions		$1,183,641
Fees		
Design Fee	$920,000	
Construction Management Fee (3%)	$529,168	$1,449,168
Total Estimated Cost of Soccer Multi-Plex		**$17,428,318**
Cost of FIFA regulation illuminated artificial turf pitch		**$1,155,000**

Total Estimated Cost of Project		$18,583,318
Contingency (10.2%)		$1,898,180
Approved Phase I Project Funding		**$20,481,498**

Note: Provincial and third party funding commitments are subject to contract/agreement execution.

- A Funding Agreement between the City of Winnipeg and the WSF is required as well as Lease Agreements. Proposed terms and conditions for the Lease Agreements are provided in Appendices C and D.
- The WSF will operationally manage the new soccer multiplex and the FIFA regulation sized outdoor artificial turf pitch. The facility will be leased to the WSF and ongoing operational and capital maintenance for the multiplex will be the responsibility of the WSF over the term of the lease. Funding for capital maintenance (HVAC, mechanical, repairs that are capital in nature) are to be provided by a WSF annual contribution to a capital maintenance reserve and such has been incorporated into the Business Plan prepared by the WSF. The City will request confirmation from the WSF that the contributions are being made annually.

- That any surplus project funds will be directed to relocating any existing recreational amenities at GCCC or Shaughnessy Park impacted by the construction of the indoor soccer multiplex and outdoor pitch.

Debt Strategy

On June 22, 2011, Council adopted the Debt Strategy report for tax supported, utilities and total City borrowing. This Project requires an incremental $14 million in long-term debt financing.

The impact of this debt financing falls within the debt limits established in the Council report as outlined in the table below.

Tax Supported net debt as a percentage of revenue not to exceed	60%
Forecasted peak rate including proposed debt from this report	59.4%
Total City net debt as a percentage of revenue not to exceed	85%
Forecasted peak rate including proposed debt from this report	77.3%
Tax Supported debt servicing as a percent of revenue not to exceed	10%
Forecasted peak rate including proposed debt from this report	6.8%
Total City debt servicing as a percent of revenue not to exceed	11%
Forecasted peak rate including proposed debt from this report	7.0%
Tax Supported Debt per Capita not to exceed	1050
Forecasted peak rate including proposed debt from this report	947
Total City Debt per Capita not to exceed	2400
Forecasted peak rate including proposed debt from this report	2007

Loan Guarantee

- This report recommends that the City of Winnipeg provide a loan guarantee to the Winnipeg Soccer Federation of up to $15 million during construction and $5.326M post construction.

- The following is the policy and criteria related to requests for loan guarantees as adopted by Council on June 17th, 1992:

  A. Requests for loan guarantees shall be submitted to the City Treasurer for review to determine if the request meets the requirements of the policy.

     This report has been submitted to and reviewed by the Financial Services Division of Corporate Finance.

  B. The organization requesting the loan guarantee must provide a service, which, in whole or in part, falls within the mandate of the City of Winnipeg.

     A capital grant contribution of $7.0 million towards the construction of a $20.481 million indoor soccer multiplex at the Garden City Community Centre (GCCC) site and a FIFA regulation sized

lighted outdoor artificial turf pitch at Shaughnessy Park falls within the mandate of the City of Winnipeg.

C. The project for which the loan guarantee is being requested must not be in conflict with City policy. For example, if City policy stated that we already had more than enough arenas for our population, the City would not guarantee a loan for the purpose of constructing an arena.

   This project has been reviewed by the Community Services Department and is not in conflict with City policy.

D. The organization's services must be available to the community at large without restrictions based upon ethnicity, religion or race and without unreasonably restrictive membership or user fees.

   The services are available to the community at large, without restrictive membership policies or user fees.

E. The organization must be non-profit.

   The WSF is a non-profit organization.

F. The organization must produce financial records and a business plan that demonstrates the organization's long-term viability and capacity to meet the obligations of the loan that they are asking the City to guarantee.

   The Business Plan projects a surplus in all fiscal years. The assumptions and reasonableness of the projections were reviewed by the Community Services Department.

G. The organization structure and the principals of the organization must be judged by the City of Winnipeg as competent to independently implement the business plan of the organization.

   The WSF has a demonstrated and proven history in facility construction and operation and management.

H. Unless there are very special circumstances, the maximum amount of outstanding loan guarantees for any one organization will be $1,000,000.

   The loan guarantee request is for an amount up to $15.0 million with the condition of an $8.155 million contribution from the Province of Manitoba. A loan guarantee of up to $15.0 million is required to meet the cash flow needs of the project during construction and represents the maximum amount required considering Provincial reimbursement of invoices paid. Council has granted loan guarantees in excess of the $1 million maximum amount in the past, where circumstances warrant.

I. The loan that the City is being asked to guarantee should not represent more than 50% of the total funding of the project. The organization requesting the loan guarantee must have raised at least 20% of the total project costs from non-City of Winnipeg sources as a down-payment, i.e. if the organization is receiving a City grant for their project, the grant cannot be counted as part of the 20% down-payment.

This guarantee represents approximately 73% of the project cost; however, the WSF will only be responsible for servicing debt on $5.326 million of the project costs. The City will contribute a maximum of $7.0 million capital grant towards the construction of a $20.481 million indoor soccer multiplex at the GCCC site and a FIFA regulation sized lighted outdoor artificial turf pitch at Shaughnessy Park. The Province of Manitoba has agreed to finance $8.155 million of the projects costs.

J. The loan that the City is guaranteeing must be related to a capital asset.

   The projects are related to the development of recreation infrastructure assets owned by the City of Winnipeg and managed by the WSF.

K. The capital asset must be insured to the satisfaction of the City Treasurer both during and after construction.

The WSF is responsible for ensuring that insurance coverage is in accordance with all agreements and contracts entered into between the WSF and the City of Winnipeg with respect to this project.

HISTORY

On September 24th, 2014 Council authorized an "enter to construct" agreement with the WSF authorizing the WSF and its contractors to enter on the Garden City Community Centre site to construct an indoor soccer facility in the north portion of the GCCC site, pending the City entering into a lease with the WSF on the aforesaid property.

On September 24th, 2014 Council amended the July 16th, 2014 Council decision such that "Garden City Community Centre" be replaced with "Shaughnessy Park" as the site of the Outdoor Soccer Pitch.

On July 16, 2014 Council authorized an "enter to construct" agreement with the WSF authorizing the WSF and its contractors to enter onto the GCCC site to construct a FIFA sized outdoor lighted artificial turf pitch and associated services pending the City entering into a lease with the WSF of the aforesaid property.

Incorporated in 2004, the WSF was created by the three primary soccer leagues in the city to form a unified voice for soccer. The WSF's mandate is to ensure that adequate soccer facilities, both indoor and outdoor, are made available to meet the demands of the sport in Winnipeg.

In the fall of 2008, with the support of all three levels of government and the University of Manitoba, the indoor soccer complex located on the campus at the University of Manitoba was opened under a fifty year management agreement with the WSF. By 2011, the indoor soccer complex had become so successful it had reached 100% rental capacity for prime time use with booked hours on Friday and Saturdays reaching over twenty-one hours per day during the indoor season.

On behalf of the City of Winnipeg, the WSF also operates the outdoor pitches at the Winnipeg Soccer Complex located at 900 Waverley Street. The WSF with support from Western Economic Diversification and the City converted two of the three grass fields to synthetic grass between the fall of 2009 and

spring of 2010. Games played at the Winnipeg Soccer Complex rose from 280 to over 1,200 due to a longer playing season, fewer cancellations and no need to rest the fields.

In 2011, a business plan was created by the WSF that outlined the need based on demand for two additional full field indoor complexes and nine additional illuminated outdoor soccer pitches. The plan was to be implemented in three phases with phase one consisting of one full field indoor complex and two illuminated outdoor soccer pitches (now one pitch) to be completed by the fall of 2014. The plan was submitted to the Province which resulted in a commitment of $12.5 million toward the overall business plan.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 25, 2014

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

Construction of a $20.481 million indoor soccer multiplex at Garden City Community Centre Site and a FIFA regulation sized lighted outdoor artificial turf pitch at Shaughnessy Park

	2014	2015	2016	2017	2018	2019 and Beyond
Capital						
Capital Expenditures Required	$ 14,000,000	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-	-
Additional Capital Budget Required	$ 14,000,000	$ -	$ -	$ -	$ -	$ -
Funding Sources:						
Debt - Internal		$ -	$ -	$ -	$ -	$ -
Debt - External (see note below)	7,000,000	-	-	-	-	
Grants-Province of Manitoba (MWIA)	7,000,000	-	-	-	-	-
Other -	-	-	-	-	-	-
Total Funding	$ 14,000,000	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 14,000,000					
Total Additional Debt Required	$ 7,000,000					
Current Expenditures/Revenues						
Direct Costs	$ -	$ 749,700	$ 999,600	$ 999,600	$ 999,600	$ 999,600
Less: Incremental Revenue/Recovery	-	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ 749,700	$ 999,600	$ 999,600	$ 999,600	$ 999,600
Less: Existing Budget Amounts	-	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ 749,700	$ 999,600	$ 999,600	$ 999,600	$ 999,600

Additional Comments:

This proposal will require up to $14 million of additional borrowing authority in 2014; up to $7 million for the City's share of this project plus $7 million to finance existing 2014 capital as $7 million of MWIA funding had been allocated to other projects in the 2014 capital budget.

As City of Winnipeg funding is provided by way of a capital grant, the City funding needs to be exempt from the 1% administrative overhead and the 2% interest overhead charge.

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

CONSULTATION

In preparing this report there was consultation with:
Legal Services Department
Corporate Finance Department
Parks and Open Space Division, Public Works Department
Planning Property and Development Department
Garden City Community Centre
Province of Manitoba
Water and Waste Department
Winnipeg Soccer Federation Executive

SUBMITTED BY

Department: Community Services
Division:
Prepared by: C. Wightman; K. Knudsen
Date: November 25th, 2014
File No.

Attachments:

- **Appendix A** - WSF Business Plan



WSF - Future Soccer Facilities Proposal

- **Appendix B**: Revised Proforma based upon WSF loan guarantee of $5,326,498



WSF Proforma

- **Appendix C**: Proposed Terms and Conditions for the lease of land at the site of Shaughnessy Park on which a FIFA regulation sized lighted outdoor artificial turf soccer pitch will be constructed



Proposed Terms and Conditions - Outdoor

- **Appendix D**: Proposed Terms and Conditions for the lease of land at the site of Garden City Community Centre on which an indoor soccer multiplex is to be constructed



Proposed Terms and Conditions - Indoor S

- **Appendix E:** Capital Budget Sheet for Winnipeg Soccer Federation Projects



Capital Budget Sheet