**Agenda – Council – October 28, 2015**

**Report – Executive Policy Committee – October 21, 2015**

**Item No. 7 Winnipeg Soccer Federation Inc. – Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park – Amendment to Loan Guarantee (Old Kildonan Ward)**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 21, 2015, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That Recommendation 6 of Item 13 of the Report of the Executive Policy Committee dated December 3, 2014, adopted by Council on December 10, 2014, entitled "Winnipeg Soccer Federation Inc. – Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park" be amended by deleting "$5.326 million" and replacing it with "$7.126 million", subject to confirmation satisfactory to the Chief Financial Officer of additional funding for the project from the Province of Manitoba in the amount of $600,000 and subject to approval of the Board of Directors of the Winnipeg Soccer Federation Inc.

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

## Report – Executive Policy Committee – October 21, 2015

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 21, 2015, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

# Administrative Report

**Title: Winnipeg Soccer Federation Inc. - Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park – Amendment to Loan Guarantee Approval**

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

## AUTHORIZATION

| Author | Department Head | CFO | CAO/COO |
|---|---|---|---|
| Cindy Fernandes | Clive Wightman | Mike Ruta | Mike Jack |

## RECOMMENDATIONS

1. That Council amend Recommendation 6 of its December 10, 2014 decision entitled "Winnipeg Soccer Federation Inc. – Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park" to delete "$5.326 million" and replace it with "$7.126 million", subject to confirmation satisfactory to the Chief Financial Officer of additional funding for the project from the Province of Manitoba in the amount of $600,000 and subject to approval of the Board of Directors of the Winnipeg Soccer Federation Inc.

2. 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 increase loan guarantees.

## EXECUTIVE SUMMARY

Council approved on December 10, 2014 a total project cost of $20.481 million for the Winnipeg Soccer Federation Inc. for the Indoor Soccer Complex at the Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park (Appendix 1). The construction cost of this project has increased by $2.4 million to $22.881 million based on the overall impact of the July 28, 2015 guaranteed stipulated price from Bird Construction to the Winnipeg Soccer Federation Inc.. This is conditional upon additional funding of $600,000 from the Province of Manitoba and approval of the Board of Directors of the Winnipeg Soccer Federation Inc.

Indoor Soccer Multiplex at Garden City Community Centre and
Outdoor Soccer Pitch at Shaughnessy Park
Total Project Funding Reconciliation
As at October 20, 2015

| Funding Sources | | | |
|---|---|---|---|
| | Dec 10, 2014 | Oct 15, 2015 | Increase |
| Winnipeg Soccer Federation (loan guarantee by the City) | $5,326,498 | $7,126,498 | $1,800,000 |
| Province of Manitoba | $8,155,000 | $8,755,000 | $600,000 |
| City of Winnipeg | $7,000,000 | $7,000,000 | - |
| | | | |
| Total Potential Funding Sources | $20,481,498 | $22,881,498 | $2,400,000 |

The funding agreement that was prepared based on this December 10, 2014 report has not been executed by the Winnipeg Soccer Federation (WSF) and the City of Winnipeg because the value of the project changed since that date and the revised funding contributions from the three partners were being negotiated.

The City of Winnipeg will not be increasing its capital contribution towards this project. It will remain at the $7.0 million level, as agreed to in the December 10, 2014 Council approved report.

The Province of Manitoba has been asked to confirm an increase in its contribution in the amount of $600,000 from $8.155 million to $8.755 million.

Upon project completion, the City's $15 million construction loan guarantee will be reduced to a maximum of $7.126 million, which reflects an increase of $1.8 million over the previously Council approved loan guarantee of $5.326 million.

The City of Winnipeg will own the facilities (i.e. the outdoor pitch and the indoor soccer facility) but will provide a long-term lease to the Winnipeg Soccer Federation to manage the facilities.

Winnipeg Soccer Federation is the Project Manager, but Municipal Accommodations, Planning, Property and Development have assigned a Project Officer to the construction project to keep the Public Service informed of project progress and issues.

## IMPLICATIONS OF THE RECOMMENDATIONS

Council approved on December 10, 2014 a total project cost of $20.481 for the Winnipeg Soccer Federation Inc. for the Indoor Soccer Complex at the Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park. The cost of this project has increased by $2.4 million to $22.881 million and is conditional upon increased funding of $600,000 from the Province of Manitoba.

The City of Winnipeg will not be increasing its capital contribution towards this project. It will remain at the $7.0 million level, as agreed to in the December 10, 2014 Council approved report.

Upon project completion, the City's $15 million construction loan guarantee will be reduced to a maximum of $7.126 million, which reflects an increase of $1.8 million over the previously Council approved loan guarantee 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.

In 2014, the Public Service reviewed the WSF Business Plan and determined that adequate cash flows would exist to service the WSF loan of $5.326 million. This assumed a 5% interest rate and 25 year amortization. The Public Service has reviewed the WSF proforma financials again to consider whether adequate cash flows will exist for a revised long term loan of $7.126 million at a 2.85% interest rate, five-year term, with a 25 year amortization and can confirm that the debt levels will decrease WSF annual projected surplus by $24,528. The viability of the business case and ability of WSF to service the new level of debt remains similar. However, there is risk associated with term financing if five year term interest rates rise.

| | Business Case December 2014 Admin Report | October 2015 | Net Change |
|---|---|---|---|
| Principal on Long Term Loan (Loan Guarantee to WSF) | $5,326,498 | $7,126,498 | $1,800,000 |
| Interest Rate | 5% | 2.85% | (2.15%) |
| Total Annual Payment | $377,893 | $402,421 | $24,528 |
| Projected Annual Surplus | $34,381 | $9,853 | $(24,528) |

Should there be any surplus from construction, it will proportionally reduce costs to the parties that funded the additional requirement of $2.4 million (i.e. 75% to WSF [$1.8M of $2.4M] and 25% to the Province [$0.6M of $2.4M])

## HISTORY / DISCUSSION

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 future indoor and outdoor soccer development within the City of Winnipeg.

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.

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 December 10, 2014 Council approved the report on the Winnipeg Soccer Federation Inc. and based on the delegated authority granted to the Chief Financial Officer, Director of Legal Services, and City Solicitor, consistent with the intent of that report, the previously approved 2014 debt financing was adjusted. The borrowing by-law was approved by Council on June 17, 2015.

In July 2015 the Winnipeg Soccer Federation Inc. received a guaranteed stipulated price from Bird Construction for the completion of the indoor soccer complex at $22.881 million. The outdoor soccer pitch at Shaughnessy Park is complete. The total cost of the combined two projects is $22.881 million. This price is $2.4 million over the December 10, 2014 Council approved budget.

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** October 20, 2015

**Project Name:**

**First Year of Program** **2015**

Winnipeg Soccer Federation Inc. - Indoor Soccer Multiplex at Garden City Community Centre and Outdoor Soccer Pitch at Shaughnessy Park - Amendment to Loan Guarantee Approval

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| 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 | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:**

The City of Winnipeg's capital contributions towards this project remains at $7.0 million.

The increased loan guarantee and the associated loan repayment requirements can be absorbed within the WSF Business Plan submission due to existing favourable interest rates.

The increased loan guarantee increases financial risk to the City, but only if the Winnipeg Soccer Federation defaults on their long-term loan payments. There is no mill rate support impact associated with increasing the loan guaranteed to the WSF. However, there is risk associated with term financing if five year interest rates rise.

*"Original signed by"*

Kelly Lemoine, CPA, CA
Controller & Manager

## CONSULTATION

**In preparing this Report there was consultation with:**

Legal Services Department
Corporate Finance Department
Planning Property and Development Department
Province of Manitoba
Winnipeg Soccer Federation Executive

## OURWINNIPEG POLICY ALIGNMENT

**01-5 Recreation**

Work with community partners to provide services that are responsive to the community's recreation and leisure needs.

Plan for sustainable and connected recreation and leisure infrastructure.

## SUBMITTED BY

**Department:** Community Services
**Division:** Strategic Management and Business Support Solutions
**Prepared by:** Cindy Fernandes
**Date:** October 20, 2015

**Attachments**:


EPC December 3, 2014 Winnipeg Soccer


Appendix A.pdf


Appendix B.pdf


Appendix C.pdf


Appendix D.pdf


Appendix E.pdf