Agenda - Executive Policy Committee - July 13, 2016

Report - Standing Policy Committee on Protection, Community Services and Parks - July 11, 2016

Item No. 4 Buhler Recreation Park – Request for Operating Grant – East Winnipeg Sports Association Inc.

STANDING COMMITTEE RECOMMENDATION:

On July 11, 2016, the Standing Policy Committee on Protection, Community Services and Parks did not concur in the recommendation of the Winnipeg Public Service, and submitted the following to Council:

1. That a $30,000 operating grant, funded from the Public Works Department 2016 Budget, be approved to the East Winnipeg Sports Association Inc.

2. That the East Winnipeg Sports Association Inc. work with the Winnipeg Public Service, as a resource, to develop a financial sustainability plan by November 2016.

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

Reports - Standing Policy Committee on Protection, Community Services and Parks - July 11, 2016

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On July 11, 2016, the Standing Policy Committee on Protection, Community Services and Parks did not concur in the recommendation of the Winnipeg Public Service, and recommended:

1. That a $30,000 operating grant, funded from the Public Works Department 2016 Budget, be approved to the East Winnipeg Sports Association Inc.

2. That the East Winnipeg Sports Association Inc. work with the Winnipeg Public Service, as a resource, to develop a financial sustainability plan by November 2016,

and submitted the matter to the Executive Policy Committee and Council.

Further on July 11, 2016, Councillor Wyatt submitted a communication from Pam Venaus, Secretary, East Winnipeg Sports Association Inc., in support of the matter.

ADMINISTRATIVE REPORT

Title: Buhler Recreation Park – Request for Operating Grant – East Winnipeg Sports Association Inc. (EWSA)

Critical Path: Standing Committee on Protection, Community Services, and Parks - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Domke	L.P. Deane, P.Eng.	M. Ruta	D. McNeil

RECOMMENDATIONS

That the request from East Winnipeg Sports Association Inc. (EWSA) to receive an ongoing annual operating grant of $60,000 be denied.

REASON FOR THE REPORT

Council consideration is required to approve or deny a grant request.

EXECUTIVE SUMMARY

Buhler Recreation Park has received an annual operating grant of $60,000 per year for the last seven years. Originally, this funding was only approved for five years in order to establish the park. The EWSA now states that in order to remain financially viable, the $60,000 grant should continue each year into the future (a request which, if granted, would need annual consideration during each annual operating budget process). Providing an ongoing operating annual grant of $60,000 to the EWSA contravenes existing Council policy on leases for non-profit organizations.

IMPLICATIONS OF THE RECOMMENDATIONS

Buhler Park provides a unique, high quality and premier athletic field facility to the citizens of Winnipeg, Manitoba, and the prairie region. The facility is usually fully booked for regular sports play, and also is booked for a number of regional tournaments. The EWSA believes that Buhler Park has a positive effect on Winnipeg's economy.

Providing an ongoing operating annual grant of $60,000 to the EWSA contravenes existing Council policy on leases for non-profit organizations. Although Council may consider supporting this grant in any case, other sport groups with leases for $1 may ask for operating grants if the annual grant of $60,000 were to be approved by Council. Operating grants are also approved on an annual basis, and would require that a separate grant agreement be prepared.

If the EWSA does not receive this annual grant, Buhler Recreation Park may no longer be financially viable and, therefore, close. The City of Winnipeg would be responsible for the facility until a new lessee is found.

HISTORY / DISCUSSION

On July 27, 2005, Council concurred with the recommendation of the masterplan for the construction of a multi-purpose sports and recreational centre to be known as “John Buhler Park”. The Buhler Recreation Park is on City owned parkland and is operated by EWSA.

The masterplan provided a basis for developing a regional sports site managed by EWSA to serve the community of Transcona which created an opportunity for the City to rationalize a portion of the athletic fields located in Transcona.

On December 15, 2005, the City entered into a Lease Agreement and a Project Development Agreement with EWSA (a non-profit organization) associated with the responsibilities and requirements for the development, management, and maintenance of the City-owned site located at 135 Murdock Road.

EWSA requested the City to provide a startup operating grant of $60,000 in early 2008 and an annual operating Grant of $60,000.00 pending completion of Phase 2 of project development for a total of five years (2009 - 2013). EWSA further requested and received an annual operating grant of $60,000.00 for each of the years ending 2014 and 2015, totaling $120,000.00.

The Lease Agreement was negotiated to include an initial term of ten (10) years with an option to renew for a further 10-year period upon expiration. The initial 10-year term expired on July 31, 2015.

On April 2, 2015, EWSA sent a letter indicating their interest in exercising its right of renewal for another 10-year term. EWSA followed up with another letter requesting that the lease renewal terms be amended to include:

i. A review of the City’s request for annual audited financial statements given the $3,000 - $4,000 cost burden on the organization.
ii. Any/ all insurable loss payouts to be made payable to the EWSA instead of the City of Winnipeg.
iii. An annual operating grant of $60,000.00 for the entire ten (10) year renewal term rather than applying to Council on a yearly basis.

On November 30, 2015, representatives from the Winnipeg Public Service met with EWSA representatives to discuss these requests.

This report is only addressing the third issue with respect to the request for an annual operating grant of $60,000. The first two issues are directly linked to the Lease Agreement and will be addressed through a future report.

In accordance with a decision from Council on October 16th, 1990 (Attachment 1), one of the eligibility criteria for the lease of City-owned property states, “The organization must provide evidence of available funding and commitment to complete the project and assurance that no ongoing operating subsidies from the City will be required over the life of the development.”

In other words, the Public Service does not have authority to approve a lease for Buhler Park if Council approves an on-going $60,000 operating grant to the EWSA unless Council waives the

foregoing condition. In addition, operating grants (in this case the $60,000) are subject to Council approval on an annual basis, and require a separate grant agreement to be prepared.

On April 1, 2016, EWSA wrote a letter to the Mayor reiterating the City should reinstate the Buhler Recreation Park $60,000.00 operating grant to enable effective management and maintenance of the facility.

The unsigned lease (presently in “over-holding”) would commit the EWSA to be responsible for all costs associated with the maintenance and management of the facility.

Since 2003, the EWSA has received over $1.3 million funding support from the City to assist development and operation of the park.

The City has a number of existing and proposed lease agreements with over 20 other sporting organizations. Athletic fields are provided to these groups for $1 for exclusive use of the sites. Much like Buhler Recreation Park, these groups also pay for their own maintenance of the fields, and they do not receive operating grants. If the EWSA is to receive an operating grant of $60,000 per year, other sporting groups are expected to approach the Public Service and/or Council for similar operating grants.

FINANCIAL IMPACT

Financial Impact Statement Date: July 6, 2016

Project Name:

Buhler Recreation Park – Request for Operating Grant – East Winnipeg Sports Association Inc. (EWSA)

COMMENTS:

There are no financial implications as a result of the recommendation in this report.

"Original Signed by H. Schoenfeld, CA"
H. Schoenfeld
Acting Manager of Finance & Administration

CONSULTATION

In preparing this Report there was consultation with:
Legal Services Department as to legal issues

OURWINNIPEG POLICY ALIGNMENT

01-5 Recreation

Direction 2: Work with community partners to provide services that are responsive to the community's recreation and leisure needs.

Direction 6: Plan for sustainable and connected recreation and leisure infrastructure

- Maximize the use of existing facilities, including converting or consolidating to meet emerging community needs while minimizing operating costs.
- Develop and maintain a system of regional sports fields in accordance with recognized needs.
- Apply green building standards and universal design to the construction and renovation of city-owned facilities.

SUBMITTED BY

Department: Public Works
Division: Parks and Open Space
Prepared by: J. Ewart/K. Thordarson/D. Domke
Date: July 6, 2016

ATTACHMENTS: Council Minutes – October 31, 1990

Attachment 1 – Council Minutes – October 31, 1990

Report of the Committee on Finance and Administration, dated October 16th, 1990.

At its meeting held on March 23rd, 1989, the Board of Commissioners considered a report and representation made by the Land Surveys and Real Estate Department and referred the matter back for preparation of a report with specific recommendations on the sale of land to non-profit organizations.

In developing an overall approach for the sale or lease of City owned sites for non-profit use, the following recommendations should be implemented:

1. That where the project is of a public benefit and it is proposed that the lands be leased or sold at less than market values, that eligibility criteria be established and fulfilled.

2. That all subsidies or grants under Recommendation No. 1 above be clearly identified for consideration by the Committee on Finance and Administration as a special grant application.

3. That where lands are made available at less than market value, that they revert back to the City at the conclusion of the economic life of the project.

Having regard to eligibility criteria, it is felt that the City should adopt as a prerequisite to any concessions which may be considered for non-profit user groups, the following guidelines:

Eligibility Criteria

1. The organization must provide a facility operated in its entirety by a non-profit organization for non-profit uses.

2. The organization must provide for activities which are compatible with the City's needs and not typically provided or administered by other levels of government for example education, or health care projects.

3. The organization must provide facilities for which there is a current and projected need in that location.

4. The organization must provide reasonable access to all Winnipeg residents without discrimination.

5. The organization must provide access without the charging of initiation fees, membership fees or other costs which are incompatible with like facilities or organizations.

6. The organization must provide evidence of available funding and commitment to complete the project and assurance that no ongoing operating subsidies from the City will be required over the life of the development.

Alternatives Considered:

In arriving at a policy recommendation for non-profit sales or leases the following alternatives were considered.

1. Sale and/or lease City lands based on full market value or an economic lease return.

2. Sale and/or lease of City lands based on a standard discounted market value or economic lease rate (A range of discounting between 25% to 33% of value was considered).

3. Lease of City lands for a nominal amount for a period of years (say $1.00 for 25-35 years to satisfy capital requirements and mortgage commitments) with rental charged at full market value for the remaining term of lease, (typically 75 years in total).

4. Sale or lease at full market value with any concessions made by way of separate grant application to the City.