Addendum - Executive Policy Committee – July 14, 2004

Moved by Councillor

That Rule 9.3 of the Procedure By-law be suspended in order that the following item, which was received too late to be placed on the regular agenda, may also be considered by Committee at this time.

ADDENDUM REPORTS

Item No. 12 **City of Winnipeg Public Use Facilities Project - Consultants Report**
File PR-1

ADMINISTRATIVE RECOMMENDATION:

That the Consultant's Report entitled "A Strategic Framework for City of Winnipeg Public Use Facilities" be received as information and that direction be provided to the Chief Administrative Officer regarding next steps.

ADMINISTRATIVE REPORT

RE: City of Winnipeg Public Use Facilities Project– Consultants Report

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Chief Administrative Officer

REPORT DATE: July 12, 2004

RECOMMENDATION(S):

- That the attached Consultant's Report entitled "A Strategic Framework for City of Winnipeg Public Use Facilities" be received as information and that direction be provided to the Chief Administrative Officer regarding next steps.

REPORT SUMMARY:

Key Issues:

- The Executive Policy Committee approved the mandate of the Public Use Facilities Project as follows: "to develop a long-term sustainable strategy and fiscally sound business case for managing the City of Winnipeg's Public Use Facilities that supports an appropriate level of community-based service".

- In May, 2003 the City of Winnipeg's Public Use Facilities Project Consultant Selection Team, which included representation from the Winnipeg Library Board and the General Council of Winnipeg's Community Centres secured the Consultant Team of Economic Research Associates, ND LEA Engineers and Planners and Number 10 Architects.

- The study's mandate included the following key deliverables:

    - Existing Infrastructure Condition Assessment
    - Development of a policy framework
    - Community needs assessment
    - Public Consultation Process
    - Strategic Framework and Business Case

- On January 28, 2004 Council adopted the 'A.C.T.I.V.E.' Policy Framework for Public Use Facilities. This framework is intended to form the policy foundation that will guide Council and administration in its future decision making around public use facility infrastructure. The attached Strategic Framework for City of Winnipeg Public Use Facilities was developed utilizing both '*Plan Winnipeg: Towards 2020'* and the '*A.C.T.I.V.E Policy Framework'* as the policy tenets.

- A comprehensive and detailed physical condition assessment was compiled for each facility in the City's inventory. The data included:
  - the size and age of the facility;
  - current maintenance and operating costs;
  - an estimate of the current replacement value (CRV);
  - an estimate of preservation needs required over the next ten years to reduce the infrastructure deficit to manageable levels and;
  - the condition needs index.

- A comprehensive Community Assessment including data gathering, analysis and layering processes were undertaken as follows:
  - Analysis of current and predicted demographic trends in Winnipeg and the surrounding Capital Region
  - Analysis of recreational, leisure and library trends
  - Analysis of regional recreational facilities including arenas, indoor and outdoor pools and soccer facilities as well as community recreational facilities including community centres, from both a utilization and programming perspective, by Community Characterization Area.

- Public consultation processes were implemented with the intent of providing opportunity for meaningful and respectful dialogue with the public and stakeholders. The strategy involved the following:

  - *Key Stakeholder Interviews*
  - *Citizen Survey* – conducted by Probe Research as part of the March, 2004 Omnibus Survey
  - *Public Focus Groups* – were held with a range of target groups including seniors, families, young adults and high risk youth.

- The consultant's report provides a number of value-added components that will aid in Council decision-making processes. **Key Findings** within the Consultant's Report include:

  - That a 'Managed Care' Standard is recommended for the ongoing preservation of the City's recreation, leisure and library service infrastructure.

- The development of a decision toolset that includes an Economic Model for managing the City of Winnipeg's Public Use Facilities.
- The development of a facility hierarchy in order to facilitate decision-making; assist in matching the facility inventory to the market; ensure adequate market coverage; and to define the potential role of the City of Winnipeg in the provision of facilities. The facility hierarchy is defined as follows:

    - City-wide
    - Regional: demographic distribution of 1:150,000 to 1:300,000
    - Community: demographic distribution of 1:50,000
    - Neighbourhood 1: demographic distribution of 1:12,000 to 1:15,000
    - Neighbourhood 2: demographic distribution of 1:5,000 to 1:10,000

- The development of a facility strategy that includes the following recommendations:

    - A unique 'Made in Winnipeg' future facility model in the form of the 'Community Campus Concept' in each of the Community Characterization Areas.
    - Outdoor Pools: be replaced with strategically located indoor/outdoor contemporary aquatic leisure facilities.
    - Indoor Pools – single tank indoor pools no longer fit contemporary needs. Existing inventory should be rationalized in concert with construction of new aquatic leisure facilities.
    - Wading Pools – no new wading pools. Inventory should be rationalized by phasing out and converting sites to water spray parks/ spray pads
    - Community Centres: Existing inventory rationalized to be consistent with a Neighbourhood 1 classification in the proposed facility hierarchy. This is consistent with the recommendations of the General Council of Winnipeg Community Centres' Task Force Report. The suggested role for Community Centres is the provision of an appropriate level of neighbourhood-based programming ie: programming that is consistent with and suitable for the catchment area demographics. This could include the facilitation and delivery of grass roots sports in association with the sport governing bodies, unstructured recreation and leisure opportunities for all ages; family recreation.
    - Libraries: Where possible new library facilities to be built in conjunction with a community campus after considering consolidation opportunities
    - Leisure Centres, Recreation Centres and Senior Centres – new stand-alone facilities are not recommended. Rationalize through incorporation into Community Campus model where feasible.

- Arenas: That the City review its role as direct provider; rationalize to meet demand and consider a divestiture strategy.
- Skateboard Parks: That the City construct one skateboard park per CCA within the next ten years. Skateboard parks should be co-located with Community Campuses or community centres. They should not be co-located with wading pools or spray pads.
- Indoor Soccer: That the City not be a direct provider of Indoor Soccer but rather provide a facilitation and support role in the development of an indoor 4-Plex Soccer Complex in a central location.

- The business model for the Community Campus concept would involve a combination of new development, rationalization and adaptation of already existing facilities. It should be noted that ***this would be a contingent business plan***, and would be dependant upon certain facilities being closed to enable the construction of new facilities. This contingent plan arises not only from the requirement to locate new facilities on existing sites, but more importantly to ensure that there is alignment between the facility portfolio and the market.

- A Business Case analysis was developed utilizing four possible scenarios for the City of Winnipeg as follows:

  Scenario 1: If the City of Winnipeg was to adopt a Managed Care Standard for managing the City of Winnipeg's existing Public Use Facilities inventory.

  Scenario 2: If the City of Winnipeg was to continue with status quo infrastructure inventory and funding, and establish a rainy day fund.

  Scenario 3: If the City of Winnipeg was to adopt a phased implementation plan for the proposed 'Community Campus' Concept and Business Model.

  Scenario 4: If the City of Winnipeg was to adopt a Managed Care Standard for managing the City of Winnipeg's existing public use facilities inventory and maintaining that same inventory (ie: no rationalization), in addition to development of new facilities as proposed in the 'Community Campus Concept'.

Implications of the Recommendation(s):

General implications:

? **None**

X **For the organization overall &/or for other departments**

X **For the community and/or organizations external to the City**

? **Involves a multi-year contract**

Comment(s):

Much of the City of Winnipeg's recreation, leisure and library infrastructure is now over 30 years old, and is in need of refurbishment, or in some cases replacement. Moreover, existing facilities are primarily single use, lack the amenities and flexibility of space to address the changing needs and preferences of the population, and in some cases are no longer appropriately located relative to users.

Policy implications:

X **No**

? **Yes**

Comment(s):

Plan Winnipeg: Toward 2020 and the ACTIVE Policy Framework are the policy tenets upon which the Consultants have prepared their evaluation of the City of Winnipeg Public Use Facilities.

Environmental implications:

X **No**

? **Yes**

Comment(s):

Human Resources implications:

X **No**

? **Yes**

Comment(s):

Financial implications:

? **Within approved current and/or capital budget**

? **Current and/or capital budget adjustment required**

Comment(s):

Financial implications will be addressed through the development of a financial strategy and implementation plan based upon the business model recommended by the consultant.

REASON FOR THE REPORT:

On April 17, 2002 the Executive Policy Committee approved the following mandate "to develop a long-term sustainable strategy and fiscally sound business case for managing the City of Winnipeg's Public Use Facilities that supports an appropriate level of community-based service."

HISTORY:

The Chief Administrative Officer established a Steering Committee to oversee the development of a business case for City of Winnipeg Public Use Facilities. The membership of the Steering Committee includes:

- Ursula Stelman, Director of Community Services, Chair
- Patti Regan, Acting Director of Public Works
- Harry Finnigan, Director of Planning, Property and Development Services
- Cliff Jeffers, Chief Information Officer
- Linda Black, Manager, CAO Secretariat

In December, 2002 a Request for Qualification was issued followed by a Request for Proposal in March, 2003 to those firms short listed in the RFQ stage.

In April, 2003 the Standing Committee on Fiscal Issues approved an over-expenditure authorization in the amount of $410,000 in order to secure consultant services for the project.

In May, 2003 the Chief Financial Officer approved the Award of Professional Consulting Services to the consultant team of ERA(Chicago)/ND LEA (Winnipeg)/ Number 10 Architects(Winnipeg) with the final deliverable of a Strategic Framework and Business Case due in May, 2004.

In January, 2004 Council approved the 'A.C.T.I.V.E.' Policy Framework for City of Winnipeg Public Use Facilities.

DISCUSSION:

Following an administrative due diligence process which included the involvement of the Winnipeg Public Library Board and the General Council of Winnipeg's Community Centres in the selection of consultant services, the Chief Financial Officer approved the Award of Professional Consulting Services to the Consultant Team of Economic Research Associates (Chicago, Illinois) in association with ND LEA (Winnipeg, Mb.) and Number 10 Architectural Group (Winnipeg, Mb.) on May 12, 2003. The Consultant

Team has worked together with the support of a civic inter-departmental Project Management team (including representation from the Community Services, Public Works, and Planning, Property and Development Departments) under the direction of the Project's Steering Committee.
The Project scope was multi-dimensional and included the following key deliverables:

1. Existing Infrastructure Condition Assessment
2. Development of a policy framework
3. Community Needs Assessment
4. Public Consultation Strategy
5. Strategic Framework and Business Case (due May, 2004)

On January 28, 2004 Council adopted the 'A.C.T.I.V.E.' Policy Framework for Public Use Facilities. This framework is intended to form the policy foundation that will guide Council and administration in its future decision-making around public use facility infrastructure. The policy foundation includes the following principles:

- **A**ffordable:
  - City of Winnipeg recreation and library services and its facility infrastructure must be affordable, accessible and sustainable.
  - The provision of programs and services will be supported by a combination of municipal taxes, funding mechanisms from other levels of government, and Council approved user fees.
  - The City of Winnipeg will explore public-public as well as public-private partnership opportunities in order to provide efficient and affordable public use facilities.
- **C**ommunity Needs-Based:
  - The City of Winnipeg will provide a leadership role in the planning and delivery of recreation and library services within Winnipeg.
  - Demographic analysis, user needs and current and emerging programming trends will guide service planning and provision.
- **T**actical Approach:
  - Recreation, leisure and library services and facilities will be provided based on a tiered approach – regional, community and neighbourhood. Regional facilities will be strategically located within Winnipeg.
  - A set of established decision tools will serve as a framework for decision-making to ensure that facilities and programs continue to meet the needs of our citizens.
- **I**ntegrated Service Delivery:
  - The City of Winnipeg will integrate services with every strategic opportunity in order to provide for multi-use and intergenerational facilities and services.
  - The City will actively seek strategic partnerships.
- **V**iable Solutions:
  - Opportunities will be provided for citizen input that will ensure that our strategic plans are viable from a community perspective and reflect its values.

- **E**ffective Services:
    - The City of Winnipeg will provide effective, contemporary and responsive recreation, leisure and library services.
    - Recreation, leisure and library facilities inventory will be maintained in accordance with sound asset/risk management standards.
    - The Asset Management strategy will include criteria for decommissioning, redevelopment or disposal.
    - Recreation, leisure and library facilities will be managed to an industry standard of care defined as 'Managed Care'.

Consultants Final Report - Key Findings:

A. Facility Condition Assessment:

The assessment of the existing infrastructure involved three dimensions – ie: physical condition, functional suitability, as well as sustainability on the basis of demographics. The physical condition infrastructure assessment focused on the development of a comprehensive inventory of facilities, an assessment of the condition of each facility, the quantification of the preservation costs necessary over the next ten years to achieve a state of 'managed care', and the quantification of current operating costs.

A comprehensive and detailed physical condition assessment was compiled for each facility in the City's inventory. The data included:

- the size and age of the facility;
- current maintenance and operating costs;
- an estimate of the current replacement value (CRV);
- an estimate of preservation needs required over the next ten years to reduce the infrastructure deficit to manageable levels and;
- the condition needs index.

Key findings confirmed the fact that in excess of $160,000,000, not including parking lot rehabilitation (an additional $22,000,000) will be required over the next ten years in order to maintain the status quo with respect to functionality. Much of the infrastructure has reached or exceeded the end of its useful economic life.

B. Community Needs Assessment

A comprehensive data gathering, analysis and subsequent layering process was undertaken as follows in order to fully assess Winnipeggers recreational, leisure and library service needs:

- Analysis of current and predicted demographic trends in Winnipeg and the surrounding Capital Region
- Analysis of recreational, leisure and library trends

- Analysis of regional recreational facilities including arenas, indoor and outdoor pools and soccer facilities as well as community recreational facilities including community centres, from both a utilization and programming perspective, by Community Characterization Area.
- Assessment of the physical and functional condition of the existing Public Use Facilities infrastructure

Highlights of demographic profiling includes age cohort analysis that point to profound structural changes that will have specific implications for the delivery of recreation, leisure and library services. For example:

- Through 2011, forecasts point to reduced populations in age groups between 5 and 14 years and 35 to 44 years offset by considerable growth in age groups between 15 and 24 years and 45 to 69 years.
- The 45-69 year age baby boom generation in particular, will be a driving force with increased leisure time and disposable income.
- Winnipeg's Aboriginal population is expected to grow at a rate of about four times that of the non-Aboriginal population.

Trends analyses indicate the following highlights:

- Increasing demand for recreational and leisure pursuits including golf, exercise, walking, aerobics, yoga and other fitness programs.
- Increased competition for limited leisure hours particularly for adults with children, offset by growth in senior age markets where more leisure time is available.
- Increased need for Libraries to respond to the knowledge economy and the digital revolution.

C. Public Consultation Strategy

Public consultation processes were implemented with the intent of providing opportunity for meaningful and respectful dialogue with the public and stakeholders. As the development and formulation of complex policy strategies is best conducted through a process of deliberative inquiry, a variety of survey and consultation vehicles were utilized including personal interviews, targeted stakeholder focus groups, public focus groups and a public survey. Meetings were also held with special interest groups and various 'experts' directly and indirectly involved with the delivery of leisure/sport/recreation/ wellness programs. The strategy involved the following:

Key Stakeholder Interviews – representing dialogue with groups/ organizations that:

- are users of public use facilities (eg: sport and library groups)
- provide services through City owned facilities (eg: General Council of Winnipeg Community Centres)

- are providers of related services (eg: YMCA, Seven Oaks Wellness Centre, etc.)
- are partners in the provision of services (eg: School Divisions)
- are potential benefactors from the City's provision of services (eg: WRHA, private industry)

In addition, the consultant team met with City Councillors and representatives from WAPSO and CUPE.

Citizen Survey – conducted by Probe Research as part of the March, 2004 Omnibus Survey and was intended to gather information respecting usage and trends. As well, the intent was to gauge public opinion regarding the potential trade-off between a greater number of facilities that are not well-suited to respond to current needs versus fewer facilities that are better able to respond to current and future trends.

Public Focus Groups – were held with a range of target groups including seniors, families, young adults and high risk youth. The intent was to engage in more detailed conversation with respect to community needs and potential strategies, with a broader cross-section of the population.

Recurring themes throughout the consultation process included:

- The City of Winnipeg must take a leadership role in the delivery of recreation, leisure and library services and facilities.
- Recreation, leisure and library services are an essential contributor to a City's image and its quality of life.
- The City's infrastructure is not only aging, and in need of repair, it has significant functional deficiencies.
- Health and wellness requires an integrated multi-disciplinary approach.
- The time has come for investment into multi-use, inter-generational facilities.
- The public is accepting of fewer, better facilities.
- If you can't maintain it – don't build it.

D. Development of the Strategic Framework:

The inputs that were considered in the development of the strategic framework included:

- Priorities as articulated in Plan Winnipeg 2020 Vision, the ACTIVE Policy Framework and the Municipal Aboriginal Pathways Strategy.
- Trends in the delivery of recreation, leisure and library services
- The changing role of municipal government in the delivery of recreation, leisure and library services.
- Trends in the design of recreation, leisure and library facilities.

- Overall City demographics as well as a demographic analysis within each Community Characterization Area.
- Socio-economic data on an individual CCA basis with a particular awareness to the Major Improvement Neighbourhoods and Major Rehabilitation Neighbourhoods.
- Physical condition and assessment data including operating and maintenance costs for existing infrastructure
- Programming and utilization data for existing facilities
- Anticipated future development and growth areas
- Feedback received from the public consultation process
- Consideration of services already provided by other public sector, private sector, not-for-profit, and private sector for-profit agencies

The process utilized to transform the extensive data collection into a 'Made in Winnipeg' solution was as follows:

- Integration of the layers of data to develop a facility strategy for both the existing infrastructure and for the development of new facilities.
- Application of the facility strategy on an overall City basis and on an individual Community Characterization Area basis to determine the recommended strategic plan.
- Development of other potential scenarios for comparison purposes.
- Business case analyses of all options to choose the preferred scenario and assess the affordability of the recommended option.
- Development of a business model for the consultant's recommended scenario.

E. Strategic Approach for Facilities:

i. Facility Hierarchy

The consultant report recommends the development of a facility hierarchy in order to facilitate decision-making; assist in matching the facility inventory to the market; ensure adequate market coverage; and to define the potential role of the City of Winnipeg in the provision of facilities.
The facility hierarchy and the recommended role for the City of Winnipeg include the following:

- *City-Wide Facilities*: include major sport/entertainment venues, as well as high performance athletic facilities – eg: Pan Am Pool; Millennium Library.

- *Regional Facilities*: include major sport multiplexes with an average demographic distribution of 1:150,000 to 1:300,000. The City's role is recommended as:
    - Direct provider of aquatic facilities
    - Combination of supporter and facilitator in the development of major sport multi-plexes.

- *Community Facilities*: are provided on an average demographic distribution of 1:50,000. The City's role is recommended as:
    - Combination of direct provider, partner and facilitator
    - Direct provider of aquatic facilities
    - Supporter of the senior sports governing body in the provision of athletic facilities for all sports facilities with the exception of arenas. Traditionally the City's role with respect to arenas was as a direct provider initially, and progressed to laterally supporting Community Centres.

- *Neighbourhood 1 Facilities*: Are provided at a demographic distribution ranging form 1:12,000 to 1:15,000 with consideration given to the number of children (5 to 12 year age cohort) and the number of youth (13 to 17 year age cohort). Community centres would be included in this categorization. The City's role is recommended as:
    - A partner in the community centre movement and
    - Direct provider of spray pads and local skateboard parks.

- *Neighbourhood 2 Facilities*: Are generally those associated with unstructured drop-in play including wading pools, hockey pens, play structures and gymnasiums. On a broad basis, these facilities are provided at a demographic distribution ranging from 1:5,000 to 1:10,000. The City's role is recommended as:
    - Direct provider (wading pools) to access through joint use agreements typically with schools for gymnasiums.

- *Libraries*: have utilized a hierarchical approach to facilities for some time and is compatible with the above.

ii. Managed Care:

The level of service recommended for the ongoing preservation of the City's recreation, leisure and library service infrastructure is defined as 'Managed Care'. The term 'managed care' is derived from a maintenance hierarchy developed by APPA: The Association of Higher Education Facilities Officers, a leading authority in the subject of asset management. Managed Care is one of five maintenance levels and is a maintenance level 3. Maintenance level 1 by comparison is referred to as a showpiece facility. Maintenance level 5 is crisis response. The recommended facility maintenance operating budget (not including utilities) under a Managed Care scenario is 3.5% of Current Replacement Value (CRV) with a corresponding Needs Index (NI) of between 0.10 and 0.20. The latter indicator means that the amount of deferred maintenance must not be greater than 20% of the current replacement value in order for managed care to be effective. The managed care level of funding is consistent with other jurisdictions in Canada for recreation, leisure and library facilities.

iii. The Community Campus Concept – A 'Made In Winnipeg' Solution

Integrated, multi-use facilities are becoming the norm in the development of recreation, leisure and library facilities throughout North America. The scope and context of these integrated facilities must be respectful of their surroundings and the culture of the community. A unique 'Made in Winnipeg' future integrated facility model in the form of the 'Community Campus Concept' is recommended in each of the Community Characterization Areas. It includes:

- A *Culture and Education Zone* – with provision for a library, a computer lab, a multi-media lab, home improvement shop and creative arts studio
- A *Wellness Zone* – with provision for fitness studios and resistance training areas and general activity rooms
- A *Social Zone* – with provision for games room, kitchen/canteen /coffee areas, community lounge
- A *Meeting Zone* – with provision for a main assembly area
- An *Administration Zone* – with provision for offices, boardroom

These are the basic components necessary to enable multi-generational and inter-generational programming. The actual configuration of the Community Campus in each of the Community Characterization Areas would be dependent on the needs of the specific community, the suitability of existing infrastructure to incorporate specific elements, and the realization of partnership and sponsorship opportunities that could include for example the regional health authority, private sector service providers, or private not-for-profit partners.

iv. Facility Strategy

The development of a facility strategy that includes the following recommendations with respect to existing and future inventory:

- A unique 'Made in Winnipeg' future facility model in the form of the 'Community Campus Concept' in each of the Community Characterization Areas.
- Outdoor Pools: be replaced with strategically located indoor/outdoor contemporary aquatic leisure facilities.
- Indoor Pools – single tank indoor pools no longer fit contemporary needs. Existing inventory should be rationalized in concert with construction of new aquatic leisure facilities.
- Wading Pools – no new wading pools. Inventory should be rationalized by phasing out and converting sites to water spray parks/ spray pads

- Community Centres: Existing inventory rationalized to be consistent with a Neighbourhood 1 classification in the proposed facility hierarchy. This is consistent with the recommendations of the General Council of Winnipeg Community Centres' Task Force Report.The suggested role for Community Centres is the provision of an appropriate level of neighbourhood-based programming ie: programming that is consistent with and suitable for the catchment area demographics. This could include the facilitation and delivery of grass roots sports in association with the sport governing bodies, unstructured recreation and leisure opportunities for all ages; family recreation.
- Libraries: Where possible new library facilities to be built in conjuction with a community campus after considering consolidation opportunities
- Leisure Centres, Recreation Centres and Senior Centres – new stand-alone facilities are not recommended. Rationalize through incorporation into community campus model where feasible
- Arenas: That the City review its role as direct provider; rationalize to meet demand and consider a divestiture strategy.
- Skateboard Parks: That the City construct one skateboard park per CCA within the next ten years. Skateboard parks should be co-located with Community Campuses or community centres. They should not be co-located with wading pools or spray pads.
- Indoor Soccer: That the City not be a direct provider of Indoor Soccer but rather provide a facilitation and support role in the development of an indoor 4-Plex Soccer Complex in a central location.

F. Business Case Analysis:

A Business Case Analysis was developed utilizing four possible scenarios as follows:

- ***Scenario 1***: Adopt a 'Managed Care' Standard for managing the City of Winnipeg's existing Public Use Facilities inventory.

  This scenario will bring current facilities to a level of care defined as managed care. Under Scenario 1, approximately $160.9 million in preservation needs are invested over years 1-10, as well as an annual investment in managed care.

- ***Scenario 2****:* Continue with status quo infrastructure and funding, and establish a rainy day fund

  In the developed model, the current levels for capital improvements remain at budgeted amounts with a significant reinvestment in years 1 through 15 totaling $522.6 million. In reality, the reinvestment and closing of these facilities will occur on a per need basis also known as 'crisis management'. If the status quo is maintained, no plans or funding will be in place when facilities reach the end of their life cycle. To prevent this from happening, ERA suggests developing a 'Rainy Day Fund' and to

start saving $34.8 million a year over the next 15 years. By year 15, the City will have saved the $522.6 million it needs.

- ***Scenario 3***: Adopt a phased implementation plan for the proposed 'Community Campus' concept and business model. This involves rationalizing the existing facility inventory and incorporating new infrastructure in accordance with this future vision. (Consultant's recommended plan and business model)

  This scenario has an investment of $112.7 million in preservation needs, $78.9 million in new facilities and demolition of existing buildings, and an annual investment in managed care It should be noted that Scenario 3 is a ***contingent plan - ie: it depends upon certain facilities being closed to enable the construction of new facilities****. This contingent plan arises not only from the requirement to locate new facilities on existing sites, but more importantly to ensure that there is alignment between the facility portfolio and the market.*

- ***Scenario 4*****:** Adopt a Managed Care standard for existing public use facilities infrastructure and maintain that same inventory in addition to adding new infrastructure. (ie: without rationalization of existing infrastructure.)

  Scenario 4 is a combination of Scenario 1 and 3. It includes the entire $160.9 million towards preservation needs and the $78.9 million for new facilities. Under Scenario 4, facilities would be underutilized since supply would be greater than demand, leading to a reduced level of service from that which would be realized under Scenario 3.

The business case analysis includes total payments, annual payments, net present value (NPV), and requirement for new financing. The following table summarizes the results for the different scenarios.

Table 1: Summary of Total Payments, Annual Payments, NPV and New Financing

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Total Payments				
Preservation Costs	160,890,000	-	112,750,000	160,890,000
New Construction + Demolition Costs	-	-	139,340,000	139,340,000
Parking/Reinvestment/ Replacement	183,420,000	-	146,390,000	183,420,000
Rainy Day Fund	-	522,630,000	-	-
Annual Payments				
Operating Costs	20,490,000	22,790,000	19,450,000	25,320,000
Managed Care				
Years 1-40 Current Facilities	16,750,000	5,800,000	12,640,000	16,750,000
Years 1-10 New Facilities	-	-	-	-
Years 11-40 New Facilities	-	-	2,740,000	2,740,000
Annual Revenue	-9,510,000	-8,560,000	-10,540,000	-10,460,000
NPV*	640,130,000	903,739,031	591,260,000	834,590,000
New Financing				
Years 1-5	189,340,000	174,211,037	172,800,000	224,180,000
Years 6-10	102,980,000	174,211,037	106,730,000	137,820,000
Total 1-10	292,320,000	348,422,074	279,530,000	362,000,000
** Assumes a 40 year NPV at a 4% Discount Rate*				

FINANCIAL IMPACT STATEMENT:

A financial impact statement will be prepared when Council has determined a course of action to manage its Public Use Facilities. As detailed in the report, it should be noted that all of the proposed options will require significant capital investment over a 40 year asset lifecycle.

Financial Impact Statement:

Project Name: Public Use Facilities Study (PUFS)
Date: April 28, 2004 First Year of Program **2005**

	2005	2006	2007	2008	2009
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: **A financial impact statement will be prepared when Council has determined a course of action to manage its Public Use Facilities. As detailed in the report, it should be noted that all of the proposed options will require significant capital investment over a 40 year asset lifecycle.**

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCY BY:

- Public Use Facilities Steering Committee Membership:
    - Public Works Department
    - Planning, Property and Development Services Department
    - Office of the Chief Information Officer
    - CAO Secretariat

THIS REPORT SUBMITTED BY:

Public Use Facilities Steering Committee:
Ursula Stelman, Director of Community Services, Chair
Patti Regan, Acting Director of Public Works
Harry Finnigan, Director, Planning Property and Development Services
Cliff Jeffers, Chief Information Officer,
Linda Black, Manager, CAO Secretariat

Prepared by: K. Knudsen
File No.

APPENDIX ONE: GLOSSARY OF TERMS

***Community Characterization Area*:** There are 228 residential and non-residential neighbourhoods in Winnipeg, that have been clustered into 12 logical "Community Characterization Areas (CCAs). These neighbourhood boundaries serve as the organizer for the collection and sharing of community-based data. This maximizes the use of neighbourhood databases and facilitates research, policy development and program delivery at the neighbourhood level. Three levels of government, and other organizations such as the WRHA have adopted CCAs and neighbourhood boundaries as an organizing concept for the delivery of neighbourhood based services.

Community Campus – Multi-faceted complex designed to enable multi-generational and inter-generational opportunities.

Economic Useful Life – Typically 35-40 years for recreation facilities.

Managed Care- (qualitative description) is as follows: Equipment and building components are usually functional and in operating condition. Buildings and equipment are periodically upgraded to current standards and use. Corrective (reactive) maintenance still represents a greater portion of the work than does preventive maintenance. Managed care is one of five maintenance levels and is a maintenance level 3. Maintenance Level 1 by comparison is referred to as a 'showpiece facility', with Maintenance Level 5 referring to 'crisis response'. The term 'managed care' is derived from a maintenance hierarchy developed by APPA: The Association of Higher Education Facilities Officers, a leading authority in the subject of asset management.

Needs Index (also Facility Condition Needs Index) – Ratio of preservation needs over current replacement value.

NPV (Net Present Value) – An approach used in capital budgeting where the present value of cash in flow is subtracted from the present value of cash outflows. NPV compares the value of a dollar today versus the value of that same dollar in the future, after taking inflation and return into account. Source: Investopedia.com

Preservation Needs – Refers to the capital and maintenance needs required for a facility over the next ten years.

Spray Pad – An enhanced aquatic feature with zero-depth water and numerous amenities.

Urban Oasis – a year round facility that offers leisure water recreational activities for all age demographics.