

2016 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

EXECUTIVE SUMMARY

The Sport Facility Renewal (SFR) Funding Program represents Council's commitment to invest \$40 million (\$10 million per quadrant) in funding towards the renewal and upgrade of existing sport facilities in Calgary. Projects eligible for funding are for non-routine or major maintenance or upgrades of existing sport amenities. This report outlines Administration's recommendation for funding allocation in 2016.

In 2007 November, Council unanimously approved funding for recreation and sport infrastructure including the commitment of \$40 million in funding through the Sport Facility Renewal Funding Program. Since 2008, Council has approved funding for 29 projects, 16 led by Community partners and 13 led by the City, which represents over \$38 million in SFR funding that has been either spent or committed to date. The status of these projects is outlined in Attachment 2. These investments were made in recognition that the development of quality recreation and sports facilities is vital to the long-term sustainability and quality of life in cities and that investing in life-enriching facilities and services closely aligns with Council's Priorities.

This program responds, in part, to the funding deficiency reflected in the Culture, Parks and Recreation Infrastructure Investment Plan (CPRIP), the 10 Year Strategic Plan for Sport Facility Development and Enhancement and the 2014 Sport Facility Renewal Supply and Demand Study. This program also provides a mechanism for Council to respond to the numerous requests from community-based organizations for partnership funding in sport infrastructure that is important to Calgarians. At this time there is no secured sustainable source of renewal for this fund while the need continues to persist for community partners throughout the City of Calgary. This report recommends an additional investment of \$1 million for 2016 and a modification to the funding program for allocate of the recommended funds.

ADMINISTRATION RECOMMENDATIONS

That the SPC on Community and Protective Services recommends that Council:

1. Approve Attachment 1, outlining recommended funding allocation for the 2016 Sport Facility Renewal Program, pending confirmation of project eligibility from the Government of Alberta; and
2. Direct Administration to amend grant eligibility guidelines as they apply to new 2017 Sport Facility Renewal Funding Program applications:
 - a) to only accept applications from Community Associations and Social Recreation Groups, and;
 - b) to decrease minimum project cost to \$200 thousand, and;
 - c) to increase Sport Facility Renewal Program funding ratio from 50 per cent to 75 per cent of total project cost.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2015 July 15, Council adopted CPS2015-0615 *2015 Sport Facility Renewal Funding Recommendations*, approving Attachment 2, outlining recommended funding allocations for the 2015 Sport Facility Renewal Program, pending confirmation of project eligibility from the Government of Alberta; and directed Administration to prioritize 2016 Sport Facility Renewal

2016 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

Funding Program applications first in alignment with Council's original commitment (report C2008-86) to invest \$10 million per quadrant and second to pool all remaining funds and prioritize projects regardless of the quadrant of origin.

All other previous Council direction is outlined in Attachment 3.

BACKGROUND

In 2007 Council recognized that the development of quality recreation and sports facilities:

- is vital to the long-term competitiveness and quality of life of cities;
- reflects its commitment to investing in quality of life-enriching facilities;
- responds to the funding deficit reflected in the Culture, Parks and Recreation Infrastructure Investment Plan;
- aligns with Administration's work with Sport Calgary on sport opportunities and investments; and
- addresses the numerous funding requests received by Council.

Subsequently, the Sport Facility Renewal (SFR) Funding Program was established, representing Council's commitment to invest \$40 million (\$10 million per quadrant) in funding towards the renewal and upgrade of existing sport facilities in Calgary. This funding, established through the Government of Alberta's Municipal Sustainability Initiative (MSI) grant program, may only be invested into existing sport amenities for non-routine or major maintenance or upgrade projects.

The SFR program is intended to revitalize existing sport infrastructure in alignment with the strategic objectives of the 10 Year Strategic Plan for Sport Facility Development and Enhancement. To be considered eligible for funding, projects must:

- align with the strategic objectives of the 10 year Strategic Plan for Sport Facility Development and Enhancement;
- be located on City-owned land;
- be directed to non-routine or major maintenance and/or upgrades of existing sport amenities;
- have a total project budget of no less than \$500 thousand and to a maximum of \$10 million (applications for City-operated facilities must have a budget of no less than \$1 million); and
- meet the project eligibility conditions as outlined in the Municipal Sustainability Initiative (MSI) Capital Program Guidelines.

The SFR Program Evaluation Committee is responsible for making recommendations to the Director of Calgary Recreation on all new applications for funding and any requests to amend previously approved projects. The Evaluation Committee consists of representatives from Sport Calgary, Capital Development (Calgary Recreation), Sport & Partnership Development (Calgary Recreation), Community Partnerships (Calgary Neighbourhoods), and Finance.

New applications are processed once annually, excluding 2014. In 2014, there was no funding cycle. This aligned with the cash flow as set out and approved by Council in report C2008-86

2016 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

(Municipal Sustainability Initiative (MSI) Program Guidelines and Criteria for Calgary Recreation Projects) and subsequently amended in CPS2011-27 (*Sport Facility Renewal 2011 Funding Recommendations*).

In place of a 2014 funding round, the Evaluation Committee completed a review of project application intake forms. This review assessed ease of use and functionality, and was completed on 2014 December 04. This review determined that a pre-screening application would allow applicants an opportunity to have their projects evaluated for eligibility without investing significant resources and incurring costs. In 2015 the pre-screening component was added to the application process and all community applicants were provided with the support of a project manager. All City projects were reviewed by Calgary Recreation's Capital Development Division and aligned with the *Project Management Policy for Capital Projects* (GN-036).

As directed by Council, the 2016 SFR review process prioritized applications in alignment with Council's original commitment by quadrant prior to pooling funds city wide. The 2016 recommendations represent an equitable distribution of funds by quadrant through allocating funds to the North East quadrant supporting sport infrastructure for all Calgarians.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The 2016 Sport Facility Renewal Program opened for applications on 2015 October 13. Potential applicants worked with administration to determine eligibility and viability of projects prior to submitting applications for the 2015 November 20 initial application deadline.

On 2016 January 04, the Evaluation Committee completed its review of the eligible project applications and is proposing the recommendation outlined in Attachment 1. Projects approved by Council will require final approval from the Government of Alberta.

Although the need for funding support remains high, some potential projects were deemed ineligible due to the minimum total project budget guideline. This guideline presents a challenge in allocating the remaining funds.

As per the current grant guidelines, projects are required to have a minimum total project budget and total funding ratio; minimum total budget of \$500 thousand for community projects and \$1 million for City projects, and SFR funding can comprise up to 50 per cent and up to 100 per cent of the total project budgets respectively. These guidelines restrict applicants from presenting medium and small scale projects for funding support, leaving funds available in the program and the need remaining in the community.

Due to these challenging economic times administration recommends removing these barriers in the 2017 grant round by decreasing the minimum total project budget to \$200 thousand and allowing administration the flexibility to apply greater funding ratios up to 75 per cent of total project budget. By providing this direction, Council will allow Administration the flexibility to invest the remaining funds in a number of community-based projects that are smaller in scope while having significant impact to serve the greatest needs of Calgarians.

2016 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

Administration is currently investigating long term sustainable options to fund the SFR program. These options include partnering with Calgary Neighbourhoods, Calgary Parks and other City business units to investigate possibilities of aligning existing funding programs such as the Capital Conservation Grant.

Stakeholder Engagement, Research and Communication

The development of the 10 Year Sport Plan and 2014 Sport Facility Renewal Supply and Demand Study involved extensive public engagement. Sport organizations, participants and facility operators were given the opportunity to share their opinions and provide perspectives regarding the future of sport facility enhancement and development within Calgary. Sport Calgary played an active role in the development of the 10 Year Sport Plan and conducted the 10 Year Sport Facility Renewal Supply and Demand Study.

The SFR guidelines, forms and application process were updated for the 2015 grant round based on feedback collected from stakeholders. These changes were designed to provide increased transparency, clarity, improve the efficiency of the allocation process and provide support to community organizations.

Information about the 2016 funding opportunity was posted online at www.calgary.ca, the Calgary City News Blog and www.sportcalgary.ca. In addition, Sport Calgary, Federation of Calgary Communities, the offices of the Councillors, Neighbourhood Partnership Coordinators, and Sport Development Advisors circulated the opportunity to sport and community organizations.

Strategic Alignment

The Sport Facility Renewal Program supports the 10 Year Sport Plan, Recreation Master Plan and directly aligns with Council's Priorities to build *A prosperous City, A City of Inspiring Neighbourhoods, A healthy and green City and A well run City*.

This program aligns with the following Action Plan Outcomes identified within the 2015-2018 Community Services business plan and budget:

- P5 Seek out partnerships with other governments and community partners to achieve community well-being.
- N4 Revitalize the role and ability of community associations, and use of community facilities.
- N9 Provide great public spaces and public realm improvements across the city to foster opportunity for well used public spaces and places for citizen connections and urban vitality.
- H8 Continue to invest in indoor and outdoor recreation facilities that address the changing needs of Calgarians.
- W6 Effectively manage The City's inventory of public assets, optimizing limited resources to balance growth and maintenance requirements.

2016 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

Social, Environmental, Economic (External)

Social

The enhancement and upgrades made to sport facilities in Calgary will increase lifespan of facilities. This will result in more facilities being available to support the development of healthy, active individuals and vibrant communities.

Environmental

As facilities are upgraded, operators will have the opportunity to improve the environmental efficiencies of their systems, use renewable resources, decrease operating expenses, and reduce the ecological footprint.

Economic

As facilities are enhanced, the overall sustainability of the facility will also improve through reducing operating costs, attracting new users, and being better positioned to attract tourism by hosting provincial and international events.

Financial Capacity

Current and Future Operating Budget

Overall, operating budgets should be positively impacted as facility capital maintenance and/or upgrades will reduce monthly utilities and lifecycle repairs and extend the life expectancy of the facility, systems and equipment.

Current and Future Capital Budget:

Pending approval from the Government of Alberta, \$1,051,926 will be allocated from Capital Budget Program 507 – Other Recreation Facilities to the 2016 recommended City project.

The 2016 funding recommendation represents the completion of Council's commitment to the quadrant based allocation of Sport Facility Renewal Funding. The program has \$670,230 in returned funds to be made available for distribution as part of the 2017 Sport Facility Renewal Funding Program. The total envelope available for investment in the 2017 Sport Facility Renewal Funding Program will also include any funding returned to SFR from projects that are subsequently complete and closed under budget.

Risk Assessment

The SFR Program has provided a consistent funding source since 2008, contributing close to \$40 million to the renewal and upgrade of the aging sport infrastructure throughout the City of Calgary and has allowed sport programmers and facility operators to continue to provide recreation services to Calgarians.

The 2013 Facility Supply and Demand Study report from Sport Calgary highlights the continued need for funding at the facility level in Calgary. Service providers reported having limited funds available for capital projects and highlighted the challenges in addressing unexpected repairs requiring considerable funds of over \$100 thousand. Few operators reported having \$1 million dollars in reserve to address upcoming lifecycle issues throughout their facilities.

2016 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

Current capital funding programs within the City of Calgary are annually over subscribed, representing the continued need for financial support of existing infrastructure. The closing of the SFR program poses a risk to the ongoing operation and enhancement of the aging sport infrastructure throughout the City and could negatively impact the ability of providers to service sport programming in Calgary.

REASON FOR RECOMMENDATIONS:

In 2007 Council made a commitment to invest \$40 million for sport facility renewal; this report represents the fifth phase of investing in existing sport infrastructure and recognizes the valuable role sport plays in the lives of many Calgarians. The 2016 funding recommendation represents the continuation of this commitment to further enhance the Calgary sport landscape.

ATTACHMENTS

1. 2016 Sport Facility Renewal Program Recommendations
2. Status Update on Projects Approved by Council (2007-2015)
3. Previous Council Direction