

NORTH EAST CENTRE OF COMMUNITY (GENESIS CENTRE) PROJECT CLOSE-OUT REPORT

EXECUTIVE SUMMARY

On 2008 May 12, Council approved capital funding for the construction of the North East Centre of Community (currently operating as “Genesis Centre”) to be built by The City in Partnership with the YMCA Calgary (YMCA), the North East Centre of Community Society (NECCS) and the Calgary Public Library Board (CPL).

The construction of the Genesis Centre is now complete. Since its opening in 2012, the Genesis Centre has had nearly 5 million visitors. The Genesis Centre serves the residents of the Martindale, Saddle Ridge and Taradale communities, not only as a recreation facility, but also as a community hub for one of the most culturally diverse quadrants of the city.

Lower overall construction costs and additional funds collected for the project resulted in surplus capital funding in the amount of \$13.8 million (See Attachment 1 for details). The surplus will be distributed in accordance with the terms of the Capital Funding Agreement, between the City and the Partners, for the Genesis Centre, with \$285,000 to the Environmental Event Contingency Fund, \$8.1 million to the Capital Reserve, and \$5.45 million to the Operating Reserve.

This report provides an update on the project status and overall project costs, and contains recommendations fully supported by the YMCA, NECCS and CPL that form part of the project close-out activities to ensure long-term operational and capital sustainability of the facility.

ADMINISTRATION RECOMMENDATIONS

That the SPC on Community and Protective Services direct Administration through Council to:

1. Approve a reduction to the Genesis Capital Project budget by relinquishing \$9.6 million in budget appropriation from Recreation program 507 project 691(refer to Attachment 1 for additional information); and
2. Direct Administration to distribute surplus funds on the project, in accordance with the terms of the Capital Funding Agreement for the Genesis Centre, toward the Environmental Event Contingency Fund, Capital Reserve, and Operating Reserve. (Refer to Attachment 2 for details).

PREVIOUS COUNCIL DIRECTION / POLICY

On 2007 November 6, at the special meeting of Council, \$210 million of Municipal Sustainability Initiative (MSI) funds were directed towards the construction of regional recreation centres in the NE, SE and NW quadrants of the city (C2007-77).

On 2008 May 12, Council approved The City’s contribution of \$70 million from the MSI funding to Program 507 (Other Recreation Facilities) using the revised annual appropriations for MSI as outlined in the North East Centre of Community Estimated Cost and Appropriation Schedule (CPS2008-34). Further, Council approved an additional \$38 million appropriation to Capital Program 507 (Other Recreation Facilities) to be funded by NECCS and the YMCA. The body of the CPS2008-34 report contains an additional requirement of \$7.6 million for Operating and Capital Reserves to be funded by partners.

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BACKGROUND

Following Council's approval of the capital funding, The City, the YMCA, NECCS and CPL signed a Capital Funding Agreement (CFA) that outlined each party's capital contribution to the project. At the time of early development of the CFA, it was anticipated that overall construction costs of the project would be higher than those previously approved by Council (\$108 million). The overall project commitments outlined in the CFA amounted to \$112.2 million and were comprised of the following contributions: The City committed to \$70 million, \$17.5 million was to be provided from the YMCA, and \$24.7 million from NECCS.

The CFA required all parties to provide their respective contributions at the outset of the project. As outlined in the CFA, in the event all funds were not required for the project, any surplus funds would be used by the parties toward additional capital improvements or toward reserves for the Genesis Centre. The City acted as a project manager and a fiscal agent on the project and was responsible for managing all parties' contributions for the project.

The construction of the Genesis Centre commenced in April 2009. Phase I of the project (construction of the main facility) was completed in December 2011, with the Genesis Centre opening to the public on January 14, 2012. Phase I consisted of 23,092 m² on three levels incorporating two indoor multi-use soccer fields, a YMCA fitness facility, a Calgary Public Library, a common area and community kitchen, community and social service areas, a daycare, and additional ancillary spaces.

Phase II of the project (construction of the multi-purpose field house) was completed in October 2014, with ongoing warranty and deficiency work still being completed. Phase II consisted of a new 3,352 m² two story indoor multi-use sports field house arena that included additional ancillary spaces and public amenities, and expanded hard and soft landscaping. Also completed were a new north side hard surface parking lot expansion, driveway entrance, and modifications to accommodate a new traffic controlled intersection at Falconridge Boulevard.

The economic downturn in 2008 allowed for unexpected savings on the construction costs resulting in total project costs being lower than originally budgeted (Attachment 2). Additionally, the capital project budget contained in the CPS2008-34 (\$108 million) was based on Class 5 estimates. This contributed toward the variance between actual costs and original budget.

Overall construction costs on the Genesis project amounted to \$99.6 million and were paid with The City's contribution of \$70 million in MSI funding, \$28.2 million from partners' contributions (including interest) and \$1.4 million from Joint Use Coordinating Committee (JUCC) funding for site redevelopment.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Due to lower project costs, surplus funding in the amount of \$13.8 million remains. This is comprised of relinquishing \$9.6 million in budget appropriation and \$4.2 million in additional funds collected by the partners as outlined in Attachment 1.

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Under the terms and conditions of the CFA, between The City and the partners, surplus funding on the project is to be paid out to the Genesis Governance Board to be used for additional capital improvements or transferred to operating and/or capital reserves. The City, the YMCA, NECCS and CPL have agreed on the following use of the surplus funding (Attachment 2):

- The Environment Event Contingency Fund for the Genesis Centre will be funded in the amount of \$285,000 and will remain with The City. Administration will bring forward a report to Priorities and Finance Committee no later than Q4 2017 to obtain reserve approval.
- The remaining surplus funds will be used by the partners to fund Capital Reserve in the amount of \$8,099,619 and Operating Reserve in the amount of \$5,450,000 for the Genesis Centre to satisfy reserve requirements contained in the Council report CPS2008-34 and the License of Occupation for the Genesis Centre.

The City will continue to monitor the use of all reserve funds through the annual reporting requirements outlined in the partners' operating agreements.

The Community Investment Fund Program Guidelines, as referenced in CPS2008-34, were adhered to where applicable, with the exception of the proportional allocations principle. The City committed the full amount of The City's contribution (that was formalized within the CFA) for the partners to be able to secure additional funding on the project.

Stakeholder Engagement, Research and Communication

The Genesis Governance Board, including the YMCA, NECCS and CPL, has been actively engaged in project close-out activities and discussions regarding the use of surplus funds. Partners are fully supportive of the recommendations contained in this report as outlined in their letter of support (Attachment 3).

Strategic Alignment

This report aligns with Council's priorities as identified in *Action Plan 2015-2018*. Specifically, it supports:

- A prosperous city
P5 Seek out partnerships with other governments and community partners to achieve community well-being.
- A well-run city
W6 Effectively manage The City's inventory of public assets, optimizing limited resources to balance growth and maintenance requirements.

Social, Environmental, Economic (External)

Recommendations contained in this report have indirect social and economic impacts. Securing sufficient reserves for the facility and ensuring long-term operational and capital sustainability allow for uninterrupted delivery of strategic objectives by partner organizations in providing programs and operating the facility on behalf of The City. Those objectives are to support community-based recreation, sport, arts, cultural and social organizations that enrich the quality

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of life and character of the broader community through a facility that is financially self-sustaining and professionally managed.

Recognizing site-specific environmental risks, The City and partners have agreed to establish an Environmental Event Contingency Fund in the amount of \$285,000 as identified in the License of Occupation. This Fund will remain with The City who is responsible for environmental risk management for the Genesis site.

Financial Capacity

Current and Future Operating Budget:

Recommendations contained in this report will have no impact on current or future City operating budgets.

Current and Future Capital Budget:

Recommendations include a request for the North East Centre of Community/Genesis capital project budget appropriation relinquishment in the amount of \$9.6 million from Recreation program 507 project 691.

Risk Assessment

The City has completed due diligence reviews around each of the funding source requirements to ensure that the funding conditions were followed, specifically related to the Municipal Sustainability Initiative, Enabling Accessibility Fund and Major Community Facility Program funding received for the project from the Federal and Provincial governments.

The City will have oversight over the use of the reserve funds through the stewardship of the operating agreements with the partners.

REASONS FOR RECOMMENDATIONS:

Recommendations contained in this report ensure that:

- Council's requirements for the North East Centre of Community capital project contained in the Council report CPS2008-34, including reserve requirements, are satisfied;
- City's and partners obligations contained in the Capital Funding Agreement and License of Occupation for the Genesis Centre are satisfied;
- Genesis Centre is set up for success in managing City's capital asset by ensuring that sufficient reserves are in place that will allow for a long-term operational and capital sustainability of the facility.

ATTACHMENT

Attachment 1: Genesis Capital Project Budget Summary

Attachment 2: North East Centre of Community Total Capital Project Costs and Surplus Funding Allocations

Attachment 3: Letter of Support from the Genesis Governance Board