

2015 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

EXECUTIVE SUMMARY

The Sport Facility Renewal Funding (SFR) 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 directed to the non-routine or major maintenance or upgrades of existing sport amenities. This report outlines Administration's recommendations for funding allocations in 2015.

In 2007 November, Council unanimously approved funding to recreation and sport infrastructure including the commitment of \$40 million in funding through the Sport Facility Renewal Funding Program. This investment was made in recognition that the development of quality recreation and sports facilities is vital to the long-term competitiveness 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 deficient reflected in 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 City Council to respond to the numerous requests from community-based organizations for partnership funding in sport infrastructure that is important to Calgarians.

ADMINISTRATION RECOMMENDATION(S)

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

1. Approve Attachment 3, outlining recommended funding allocations for the 2015 Sport Facility Renewal Program, pending confirmation of project eligibility from Alberta Municipal Affairs; and
2. Direct Administration to prioritize 2016 Sport Facility Renewal Funding Program applications:
FIRST: prioritize projects in alignment with Council's original commitment (C2008-86) to investment \$10 million per quadrant.
SECOND: pool all remaining funds and prioritize projects regardless of the quadrant of origin.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 May 27, Council adopted CPS2013-0411, Sport Facility Renewal 2013 Funding Recommendations, approving Attachment 1, outlining recommended funding allocations for the 2013 Sport Facility Renewal Program pending confirmation of project eligibility from Alberta Municipal Affairs.

All other previous Council direction is outlined in Attachment 1.

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 life-enriching facilities;
- responds to the funding deficit reflected in the Culture, Parks and Recreation Infrastructure Investment Plan;

2015 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

- 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 Funding (SFR) 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. Funding, established through the Province's Municipal Sustainability Initiative (MSI) grant program, may be invested into existing sport amenities for non-routine or major maintenance or upgrade projects.

Since 2008, Council has approved funding for 23 projects representing nearly \$28 million in SFR funding that has been either spent or committed. The status of these projects is outlined in Attachment 2.

The SFR 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 \$500,000 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 Recreation on all new applications for funding and any requests to amend previously approved projects. The Committee consists of representatives from Sport Calgary, Capital Asset Management and Sport & Partnership Development (Recreation), Community Partnerships (Community & Neighbourhood Services), and Finance.

New applications have been processed once annually in each year 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 and subsequently amended in CPS2011-27.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

On 2014 December 04, the Evaluation Committee completed its review of project pre-screening forms which were assessed for viability and eligibility. The Project Pre-Screening step was established in response to feedback provided by stakeholders as a way to limit costs incurred by community applicants in both time and resources should it be determined that the project does not meet basic eligibility or is eliminated due to funding limitations.

2015 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

In an effort to streamline the process and reduce the challenges in developing a Project Application, all community applicants were offered the support of a project manager, as well as having a project review on-site between the applicant and subject matter experts. All City projects were reviewed by Recreation's Capital Asset Management division and align with the Project Management Policy for Capital Projects.

On 2015 April 23, the Evaluation Committee completed its review of the Project Applications and is proposing the recommendations outlined in Attachment 3. Projects approved by Council will require final approval from the Province based on the Municipal Sustainability Initiative applications submitted by Administration.

The 2015 funding recommendations represent the near end of Council's commitment to the Sport Facility Renewal Funding Program. Over \$1 million in uncommitted funds in the northeast quadrant will be available for distribution as part of the final 2016 funding round. The total envelope available for investment in the 2016 Sport Facility Renewal Funding Program will also include any funding returned to SFR from projects that are subsequently completed and closed under budget.

Since the 2016 Sport Facility Renewal Funding Program will see all remaining uncommitted funds allocated, Administration suggests that the best approach to allocating the remaining funds would be to; prioritize any potential projects in alignment with Council's original commitment to investment \$10 million per quadrant, and then if required pool all remaining funds and prioritize projects regardless of the quadrant of origin.

By providing this direction, Council will allow Administration the flexibility, if required, to pool together remaining funds to invest in one or more project regardless of quadrant of origin.

In 2016, Administration will also come forward with a final report on the successes and challenges of the Sport Facility Renewal Funding Program, as well as, options for how Council may continue to meet its commitment to fund the sport infrastructure deficit in Calgary.

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 voice 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 2015 allocations 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 2015 funding opportunity was posted online at www.calgary.ca, the Calgary City News Blog and www.sportcalgary.ca. In addition, Sport Calgary, Neighbourhood

2015 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

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 City of Inspiring Neighbourhoods* and *A City that Moves*.

This program aligns with the following Action Plan Outcomes identified within the 2015-2018 Community Services & Protective 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.

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, lifecycle repairs and extend the life expectancy of the facility, systems and equipment.

2015 SPORT FACILITY RENEWAL FUNDING PROGRAM RECOMMENDATIONS

Current and Future Capital Budget:

Pending approval from Alberta Municipal Affairs, \$11 million will be allocated from Capital Budget Program 507 – Other Recreation Facilities to the 2015 recommended community and City projects.

The 2015 funding recommendations represent the near end of Council's commitment to the Sport Facility Renewal Funding Program. Over \$1 million in uncommitted funds in the northeast quadrant will be available for distribution as part of the 2016 Sport Facility Renewal Funding Program. The total envelope available for investment in the 2016 Sport Facility Renewal Funding Program will also include any funding returned to SFR from projects that are subsequently completed and closed under budget.

Risk Assessment

Inexperience with capital development projects may represent a concern for groups receiving Sport Facility Renewal funding. Therefore, Administration will continue to support groups with each project as outlined in CS92-23, the Development and Project Control of Major Community Recreation and Cultural Facilities. Financial and technical reviews are designed to assist groups with capital planning and reduce risks to both parties.

The fundraising capacity of partners and cost escalation could pose potential risks to these projects. Each project will undergo a risk assessment including related mitigation strategies. This may result in deferral, deletion or changes in scope for some projects.

In addition, successful applicants will be required to sign a funding agreement with The City which will clearly outline the responsibilities, obligations and expectations associated with receipt of Sport Facility Renewal Funding including a comprehensive technical review and financial review.

REASON(S) FOR RECOMMENDATION(S):

In 2007 Council made a commitment to invest \$40 million for sport facility renewal; this report represents the fourth phase of investing in existing sport infrastructure and recognizes the valuable role sport plays in the lives of many Calgarians. The 2015 funding recommendations represent the continuation of this commitment to further enhance the Calgary sport landscape.

ATTACHMENT(S)

1. Previous Council Direction
2. Status Update on Projects Approved by Council (2007-2013)
3. 2015 Sport Facility Renewal Program Recommendations