

FINANCE COMMITTEE REPORT

M&C No.	Click here to enter text.
Report Date	September 12, 2022
Meeting Date	September 28, 2022
Service Area	Finance and Administrative Services

Chairman Sullivan and Members of Finance Committee

SUBJECT: Proposed Funding Plan for New Recreation Facility

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
Kevin Fudge	Kevin Fudge	John Collin

RECOMMENDATION

Finance Committee endorse the following recommendations:

1. Direct staff to consider including in the draft 2023 General Operating Budget, conditional upon tax base growth and service level requirements, up to \$3 million dollars into a Recreation Facility Capital Reserve.
2. Recommend that Common Council resolve to allocate any operating surpluses over the Council term to a Recreation Facility Capital Reserve to support construction of a new Comprehensive Recreation Facility.
3. Recommend that Common Council direct staff to prioritize the pursuit of federal and provincial funding to support the project.
4. Direct the City Manager to discuss the project with the Regional Service Commission to determine if there is regional interest.

EXECUTIVE SUMMARY

At its meeting on May 18, 2022, Common Council endorsed 8 high impact initiatives as the City of Saint John's top priorities for catalytic growth, including 4 key infrastructure projects and 4 advocacy projects. One of the key infrastructure projects, a new Comprehensive Recreation Facility requires a fiscally responsible funding plan. The following report includes a proposed funding plan for the committee's consideration.

PREVIOUS RESOLUTION

N/A

REPORT

At its meeting on May 18, 2022, Common Council endorsed 8 high impact initiatives as the City of Saint John's top priorities for catalytic growth, including 4 key infrastructure projects and 4 advocacy projects. The four key infrastructure projects are the Innovative Central Peninsula Learnings Commons, Redevelopment of the Fundy Quay, investments in the City's Industrial Parks, and a new Comprehensive Recreation Facility. Two projects that require long term funding strategies are the new comprehensive recreation facility and the investment in industrial parks. The Learning Commons is a provincial initiative, and the Fundy Quay is funded in previously approved capital budgets. The Growth and Community services are currently undergoing a market assessment for industrial parks which will lead to a business case and funding plan. The new comprehensive recreation facility currently does not have a funding plan in place.

The Comprehensive Recreation Facility is envisioned to be a large multi-purpose facility to replace the City's aging arena (vintage 1960's) with modern functional space for sports, recreation and arts. Although no engineering design or preliminary estimates have been conducted, it is reasonable to assume the construction of a building of this magnitude could range between \$50-60 million dollars. The Uniplex in Dieppe, which includes only two sheets of ice, was in the range of \$30-40 million dollars at pre-pandemic costing.

For this project to be affordable, measured by allowing the City to meet its targets set forth in the long-term financial plan (debt targets, infrastructure deficit, tax rate), funding from other levels of government is required. Assuming the City is successful in securing 2/3 funding in Provincial and Federal Funding, the City needs a funding plan for \$20 million.

Finance proposes the following 5-year funding plan:

Recreational Facility Catalytic Project		
Construction Cost		\$ 60,000,000
Federal Funding (1/3)		\$ (20,000,000)
Provincial Funding (1/3)		\$ (20,000,000)
City Funding		\$ 20,000,000
Debt Funding		\$ 5,000,000
Capital Reserve Funding		\$ 15,000,000

Based on above plan, the City would need to allocate up to \$3 million dollars per year (\$15 million over 5 years) into a Recreation Facility capital reserve that would need to be funded from the general operating budget. Finance would also recommend, as a tactic to potential reduce the pressure on the operating budget, that Council consider a resolution that directs staff to allocate any annual operating budget surpluses to a Recreation Facility capital reserve throughout the Council term.

CONCLUSION

To achieve Common Council’s goal to construct a catalytic recreation facility, the City needs to have a funding plan that is fiscally responsible and does not compromise the goals and targets set forth in the long-term financial plan.

STRATEGIC ALIGNMENT

This report aligns with Council’s strategic priority to perform and with Council’s catalytic projects.

SERVICE AND FINANCIAL OUTCOMES

The report ensures a fiscally responsible approach for funding a community asset.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

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ATTACHMENTS List attachments related to report.