



Legislation Details (With Text)

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Title: Active Communities Alberta - Value for Money Assessment
Presented by: Kerry Hilts, Deputy Chief Administrative Officer, Office of the Deputy Chief
Administrative Officer

Sponsors:

Indexes:

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Attachments: 1. Administrative Backgrounder - MNP Value for Money Assessment - Active Communities Alberta

Date	Ver.	Action By	Action	Result
11/2/2020	1	City Council	adopted	Fail
11/2/2020	1	City Council	adopted	Pass

TAMRMS#: B06

Active Communities Alberta - Value for Money Assessment

Presented by: Kerry Hilts, Deputy Chief Administrative Officer, Office of the Deputy Chief
Administrative Officer

RECOMMENDED MOTIONS

That Council Motions CM-18-045 and CM-18-047 directing Administration to execute an MOU with Active Communities Alberta, be rescinded.

PURPOSE OF REPORT

- To provide Council with Administration's recommendations on the independent Value for Money Assessment report completed by MNP Consulting Services on Active Communities Alberta's Business Plan; and
- To provide Council with Administration's recommended next steps for development of a future recreation facility.

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

COUNCIL STRATEGIC PRIORITY #1: Growth Policy Framework: Develop a robust policy framework to guide growth. Revise the Municipal Development Plan framework to provide direction to growth needs, annexation positioning, and our role in regional government.

CORPORATE BUSINESS PLAN: Identify and recommend high value projects and programs to capture emergent growth opportunities.

COUNCIL STRATEGIC PRIORITY #2: Economic Development: Enhance business/commercial growth. St. Albert will work towards an innovative, investment-positive environment that will support and encourage the development of new, existing, and emerging sectors.

COUNCIL STRATEGIC PRIORITY #4: Infrastructure Investment: Identify, build and/or enhance needed critical or strategic infrastructure and identify and implement associated optimal business and operating models and lifecycle strategies.

CORPORATE BUSINESS PLAN: Identify and recommend opportunities for investment in long-term revenue generating infrastructure.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

- SERVICE AREA - Community Granting and Support for Delivery of Services
 - SERVICE - Management of Partnerships for the Provision of Recreational Programs - *The provision of infrastructure support to community organizations to deliver recreation programs to the community*
 - SERVICE COMPONENT - City Owned, Community Operated Facilities and Parks Partnerships

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

- (October 5, 2020)
 - AR-20-301 - Moved by Mayor Heron
That the attached report titled "Value for Money Assessment, Active Communities Alberta - Regional Sport and Community Campus Business Case, dated September 28, 2020" be received as information.
 - CM-20-033 - Moved by Mayor Heron
That by November 2nd 2020, Administration present recommendations on the value for money report for the Active Communities Alberta business case as well as next steps for the development of a future recreation facility.
- (June 29, 2020) CM-20-022 - Moved by Councillor Joly
 - *That, in light of the original funding not being carried forward to the 2020 budget, a maximum of \$30,000 be allocated from the Stabilization Fund to execute the directions of CM-18-045.*

- (December 17, 2018) CM-18-077 - Amendment CM-18-045 Memorandum of Understanding - Active Communities - Notice given by: Councillor Hansen
 - *CM-18-077 Moved by Councillor Hansen - That a Memorandum of Understanding (MOU) be executed with Active Communities by a mutually agreed date with Administration that will serve to support the concept of a Sport and Wellness Campus. Further, that the MOU contain therein a statement that the City of St. Albert has interest in providing up to \$20 million towards the project, conditional on \$10 million in federal funding and \$10 million in provincial government funding being secured for the project and further that the project is contingent upon a value for money assessment by an outside consultant to a maximum of \$10,000 from the Stabilization Fund and that the facility is built on land within the City of St. Albert which may include proposed annexed lands. CARRIED UNANIMOUSLY*
- (June 25, 2018) CM-18-045 Moved by Councillor Hansen
 - *That a Memorandum of Understanding (MOU) be executed with Active Communities by a mutually agreed date with Administration that will serve to support the concept of a Sport and Wellness Campus. Further, that the MOU contain therein a statement that the City of St. Albert has interest in providing up to \$20 million towards the project, conditional on \$10 million in federal funding and \$10 million in provincial government funding being secured for the project and further that the project is contingent upon a value for money assessment by an outside consultant to a maximum of \$10,000 from the Stabilization Fund and that the facility is built on land within the City of St. Albert. CARRIED*
- (November 6, 2017) CM-17-085 Moved by Councillor Hughes
 - *That the Mayor draft a letter of support for the Active Communities proposal. CARRIED*

BACKGROUND AND DISCUSSION

St. Albert has a long history of very successful partnerships between the municipality and the not-for profit sector for the delivery of recreation amenities and services that have a benefit to the overall community.

The City of St. Albert, in collaboration with the community, has continued to identify recreation amenities and service needs on a city-wide basis. Where a demonstrated need has been identified, the City of St. Albert is committed to working as a partner with viable community organizations or other interested parties to develop recreation amenities and services for St. Albert. Therefore, Administration is open to working with third party operators now and into the future.

Active Communities Alberta has shown commitment through their project for enhancing recreation opportunities in St. Albert. It is admirable to have a community group like this formed and focused on recreation facility development in the City. Recreation amenities provide public good in any community, but focusing limited public resources requires prioritization. Active Communities is helping the City further its strategic goals for recreation as the work done to date by this group has sparked important conversation and discussion. However, the MNP Value for Money report outlined

risks (low, medium and high) to the City, and raised questions that need to be addressed. The following report addresses the risks of the MNP recommendation and the next steps towards the future development of a recreation facility in St. Albert.

On September 28, 2020, MNP presented their independent Value for Money Assessment report to Council. Based on the report:

“MNP recommends that a decision regarding the \$20 Million in capital funding for the Active Communities Alberta’s proposed facility be tabled until the recommendations in the report are addressed.”

Following this presentation, City Council directed Administration:

“That by November 2nd, 2020, Administration present recommendations on the value for money report for the Active Communities Alberta business case as well as next steps for the development of a future recreation facility.”

One of the hardest decisions a Council has to make is funding of new recreation amenities due to their cost, complexity and the community passion involved. Through internal analysis and an assessment of the MNP Value for Money Assessment, Administration has reached the following high-level conclusions:

1. Financial

- a. Administration would caution around taking on the additional debt load at this time.
- b. The likelihood that a grant of this size from the Province and the Federal Government in the next six months is unknown at this time but is considered to be low.
- c. The likelihood of Municipal operating and/or capital financial support or shared services being required by Active Communities to support the operation of the facility is high.
- d. If the City were to support the development of additional arenas by Active Communities, COSA would be contributing financially through lost revenue at existing arenas resulting in reduced cost recovery.
- e. It would be in COSA’s best interest to undertake a competitive bid process for facility operation to ensure the most experienced operators with the best financial business case operate a facility which is largely funded by the taxpayers.

2. Community Need

- a. The facility proposed by Active Communities does not align with COSA Administration’s recommendation for highest need recreation amenities.
- b. A saturation of facilities in the region could lead to cannibalism not only within the City but within the region.

If the partnership with Active Communities were to be pursued, an operating agreement would be required to:

- Address expectations around ongoing municipal supports for operating or capital.
- Ensure “public good” for value of capital investment.
- Identify the required accessibility and affordability principles.
- Ensure maintenance standards and practices that protect the asset.
- Identify triggers and a mitigation strategy for “failure” or “insolvency”.
- Address allocation processes and sport partner ice rates.
- Determine naming rights.
- Ensure staffing levels and experience levels of staff are appropriate to the operating model of the facility.

Due to complexity of this work and the current local, provincial, national and global climate and economy driving both corporate priorities and competition for scarce capital resources at all levels of government, Administration recommends not revisiting opportunities for partnerships with third parties to build and operate a new arena(s) until 2022, after the recommended recreation facility planning described below, which is conditional on funding approval by Council.

To complete the review of the MNP recommendations would either require the reprioritization of existing priorities or require additional staff resources.

Recreation Facility Planning

Significant work has been done to date regarding planning for future recreation amenities to meet community need, align costs to growth and priorities and contribute to resident quality of life. The attached report includes a synopsis of the planning done over the past decade as well as several options for new facility development.

As Range Road 260 has been identified as the future site for community amenities, Administration is working with Rohit and Select Engineering to ensure servicing requirements for the new Community Amenities Site are met through the overall servicing of the neighbourhood.

Administration would recommend the next step for development of a future recreation facility be to carry out conceptual planning on this site. The concept plan would include identification of facility components, site concept plan development, and public engagement. This work has been identified within RECR-065 capital project charter, funding for which is requested in the proposed 2021 capital plan.

Regional collaboration is a priority for the City and is intended to bring clarity to regional partnerships regarding frameworks for collaboration for recreation and provide a holistic and standardized approach to planning for shared recreation needs on an intermunicipal level. Administration will continue to work with regional partners to seek opportunities for collaboration.

In conclusion, based on internal analysis, our recreation facility planning, the MNP report and the 22 areas that were identified as high (6) or medium (16) risk to the City of St Albert, Administration recommends not proceeding with the partnership with Active Communities at this time. Administration would recommend:

- Rescind CM-18-045 and CM-18-047 directing Administration to execute an MOU with Active Communities.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

Engagement with Active Communities Alberta was conducted by MNP through their Value for Money Assessment.

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

There are no direct financial implications specific to the recommendations

Legal / Risk:

N/A

Program or Service:

The decisions made on recreation facility development will impact the programs and services delivered to the community.

Organizational:

None at this time.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Not in any particular order:

- No further action at this time.
- Move forward with a motion specific to Indoor Arenas
 - Regional opportunities within existing Indoor Arenas.
 - Explore single arena lower cost options (i.e. Sprung structure or rink in the box)
 - Sixth Arena at Servus Place (SERV-004: 6th Arena Ice Surface)
- Move forward with a motion specific to Aquatics.
 - Aquatic Expansion at Servus Place (SERV-10: Aquatic Expansion at Servus Place)
- Move forward with a motion specific to a Multi Component Recreation Facility
 - Request for Proposal for Multi Component Recreation Facility.
 - Direct Administration to proceed with the signing of the Memorandum of Understanding with Active Communities and address the recommendations in the MNP report to move forward with the Active Communities proposed facility.
 - Approve Community Amenities Site Planning on Range Road 260 through the

upcoming budget process (RECR-065: Community Amenities Site Planning).

Any of the following options could be considered for opportunity with regional and community partners where feasible, fiscally responsible, and where common interests exists.

Administration is aware that Council has previously provided direction that Servus Place is not a preferred option for new facility development. However, if Council would like to address an arena option over the next 1 to 3 years this may be our only option for consideration. Range Road 260 could provide the site for a variety of recreation amenities such as pool, arena, fields, bike park or sport fields however the development of community amenities on this site is a longer-term option due to serving and site planning requirements.

Report Date: November 2, 2020

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