



REQUEST FOR DECISION

MEETING DATE: June 13, 2022

TITLE: City of Spruce Grove Civic Centre – Project Approval

DIVISION: Corporate Services

SUMMARY:

Council is required to approve the revised capital budget for the Civic Centre before the project can commence.

PROPOSED MOTION:

THAT the Civic Centre Project as presented on May 30, 2022 with a budget of \$72,789,000 and corresponding funding of \$18,967,000 from the Municipal Sustainability Initiative, \$4,378,000 from cost share revenue from other partners, \$25,704,000 from proposed Municipal borrowing, \$21,450,000 from proposed Developer funded borrowing, and \$2,290,000 from reserves be approved.

THAT exceeding the City debt policy limit by up to a maximum of 5% from 2023-2028 be approved.

BACKGROUND / ANALYSIS:

Administration presented an updated report on the Civic Centre at a Special Council meeting on May 30, 2022. This report included updated facility plans, capital and operating cost estimates, as well as funding strategies that Council could consider to fund the project.

The Civic Centre project includes amenities that address the identified needs of ice shortages while at the same time including a number of cultural amenities that enhance both the facility and the community with their inclusion. The proposed facility includes a spectator ice rink, a

second community ice rink (both NHL sized), a community walking track/concourse, an art gallery, a Black Box performing arts theatre/flex space, a courtyard, and a library branch.

Specifically, Administration is recommending the construction of a 125,000 sq. foot Civic Centre that is made up of the following amenities;

- 1,432 fixed seat spectator arena (1,503 total for ice event and 2,389 for floor event)
- 250 seat community arena
- Satellite library location
- Black box theatre
- Gallery and studio space
- Outdoor courtyard
- Co-located transit park and ride

Included in this report is the Civic Centre Report that was originally presented to City Council during the May 30, 2022 Special Council meeting.

The Civic Centre also includes a co-located transit park and ride facility. While ultimately considered two separate projects, co-locating both amenities and working with the same overall design team achieves efficiencies in design, construction, cost, and use. The approval of the Park and Ride is addressed under a separate Request for Decision and motion of Council.

As part of the construction of the Civic Centre, Administration is also recommending to Council that the City review and update the existing Offsite Levy Bylaw to enable the 2018 amendments to the *Municipal Government Act* (MGA) that provides for the inclusion of recreation facilities to be incorporated into the offsite levy model and that some portion of those costs be borne by the developers who will benefit from such a development.

The proposed changes to the offsite levy model and corresponding bylaw will be discussed fulsomely with the developer community as prescribed in the MGA. Administration anticipates bringing forward the outcome of those discussions and engagement sessions in the form of an amended Offsite Levy Bylaw in August 2022.

OPTIONS / ALTERNATIVES:

Council has a number of options they may wish to consider.

1. Council may direct Administration to not proceed with the project at this time. Current contracts with the design team and construction manager allow for the City to not proceed with the project. The City would be liable to pay for services completed up to the point in time of cancellation of the contracts.

2. Council may direct Administration to defer the project to a future point in time.
3. Council may direct Administration to add, remove, or modify facility elements currently planned for the Civic Centre. Any major program changes, additions, or deletions to the Civic Centre may have an impact on both the capital and operating budgets, possibly the Transit Park and Ride as well as the City's ability to begin construction in fall of 2022.

CONSULTATION / ENGAGEMENT:

Administration developed and delivered a number of public information sessions. Each session provided a different type of opportunity for members of the public to learn about the Civic Centre Project.

1. The Special Council meeting on Monday, May 30, 2022. Social media posts by the City have been made directing members of the public to view the presentation for additional information.
2. Horizon Stage Presentation on June 2, 2022. Administration conducted a formal presentation followed by a question and answer session. After the question and answer session there was an informal open house style opportunity for residents to view poster boards and ask questions of the design team.
3. Library open house on June 4, 2022. A traditional open house style information session was held at the Spruce Grove Library on Saturday, June 4, 2022.

While there was limited participation at the sessions on June 2 and June 4, the questions and feedback received was very positive towards the project.

In addition to the above public information sessions, presentations were made to both Parkland County and Stony Plain Councils. Discussions with the Spruce Grove Saints are also on going.

Administration has also commenced a consultation and engagement process with the City's developer community regarding proposed amendments to the City's Offsite Levy Bylaw.

IMPLEMENTATION / COMMUNICATION:

Should Council approve the project, the next steps include:

- Further design and tendering of the project
- Construction anticipated to begin by mid-September
- Stakeholder engagement will continue and agreements, where required, will be developed

If the project is approved to move forward, and the associated borrowing bylaws (C-1203-22 and C-1210-22) are approved, the City will finalize borrowing for the municipal and developer funded debentures related to the project.

Following the June 13 Council meeting, a news release will be published on the City's website announcing the decision of City Council pending the approval of the borrowing bylaws. A thorough communications plan will be developed if the project is approved to move forward. It will include involvement from funding partners and other stakeholders. Communication tactics relating to the Civic Centre will also include mention of the transit Park and Ride, as these projects are closely tied together.

IMPACTS:

The Civic Centre project will undoubtedly have significant impacts to the community. This is an important investment in the city and region as well as the future needs of our community. The proposed Civic Centre design addresses identified needs in the community, including ice surfaces and additional arts and culture investments.

This project will require a review on funding strategies pending the passing of the borrowing bylaws, and passing of the offsite levy bylaw.

FINANCIAL IMPLICATIONS:

Civic Centre

Total Capital Cost is estimated at \$72,789,000 (detailed in report).

Funding sources	
Municipal Sustainability Initiative (MSI):	\$18,967,000
Cost share revenue:	\$4,378,000
Municipal debt:	\$25,704,000
Proposed Developer Funded:	\$21,450,000
Reserves:	\$2,290,000

Total annual Civic Centre operating subsidy is estimated at \$586,000 (detailed in report).

Estimated future annual increase to library subsidy is \$560,000.

The Civic Centre and library costs have a municipal tax impact of 7.4 percent. Based on an average assessed residential property, and the 2022 property tax rates, this would equate to an estimated property tax increase of \$169.10 per year, or \$14.10 per month. These amounts would adjust based on the actual assessed value of a property.

Debt Limit

The Civic Centre project anticipates that two borrowings will be required: \$25,704,000 that would be municipal taxpayer funded, and \$21,450,000 that is proposed to be funded by developers through offsite levies unless levies are not received to such amount and municipal tax payer funding would be required. The City has a conservative debt limit policy that is 50 percent of the debt limit set out in provincial legislation. This \$47,154,000 of new borrowing would result in the City exceeding its debt limit policy for six years (2023-2028) – at 54.6 percent of the debt limit at its highest in 2026.

Proposed Developer Funded

The City is currently reviewing and updating its offset levy rates, and is assessing the inclusion of soft infrastructure components such as libraries and recreation facilities, that if approved, would result in offsite levies being collected that would be used to pay for the debenture associated with these components of the Civic Centre. The consultation with the developer community has commenced and will continue through the summer 2022 in advance of an Offsite Levy Bylaw coming forward late summer for consideration by Council.

Preliminary results from modeling suggests the weighted average of the City's offsite levy rates would move from an average of \$84,842 to approximately \$152,000, however recognizing the City has not updated the offsite levy rates since 2020 and these new rates include the new soft infrastructure components of library, recreation, fire facilities, and police facilities, the resulting proposed offsite levy rates are comparable when examined across other jurisdictions, and especially when considering the few communities that have implemented similar requirements.

STRATEGIC VISION ELEMENT:

This topic relates to all three of the City's strategic vision elements contained in Council's Strategic Plan

RELATED GOAL:

High quality leisure, recreational, commercial and social infrastructure and amenities as well as policies that meet the interests and needs of the greater community are in place and conveniently accessible.