



Staff Report

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Report To:	General Government Committee	Report Number: CSD-009-19
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Date of Meeting:	October 15, 2019	By-law Number:
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Submitted By:	George Acorn, Acting Director of Community Services
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Reviewed By:	Andrew C. Allison, CAO	Resolution#:
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File Number:

Report Subject:	South Bowmanville Recreation Centre
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Recommendations:

1. That Report CSD-009-19 be received;
2. That Council approve the proposed facility program as presented;
3. That Council refer the proposed Phase I project budget of \$48,005,300 to the 2020 budget deliberations;
4. That Council authorize staff to complete the application for funding for this project as prescribed in the Investing in Canada Infrastructure Program; and
5. That all interested parties listed in Report CSD-009-19 and any delegations be advised of Council's decision.

Report Overview

In response to one of the Strategic Priorities adopted by Council for the 2019 – 2022 Term, staff are reporting on a proposed facility program for the South Bowmanville Recreation Centre. After engaging our key stakeholders and the general public, Council is being presented a two phase facility construction plan that will address the growing needs of our community for recreation and leisure activities. The timing of this report coincides with an infrastructure funding opportunity that could leverage municipal funds with provincial and federal assistance to provide great value to the taxpayers of Clarington.

1. Background

- 1.1 At the January 23, 2017 General Government Committee meeting, Report CSD-001-17 was presented, introducing the Indoor Facilities Development Strategy (Strategy). This Strategy addressed the need to develop a comprehensive facility development plan to identify future facility needs based on growth of the Municipality, changing demographics and evolving recreation and leisure trends in our community. The scope of the study was to look at the facility needs of Clarington to 2031.
- 1.2 The purpose of this Strategy was to provide both Council and staff a reference to plan for indoor recreation facility development with a longer term vision that strategically meets the needs of our residents for that timeframe.
- 1.3 The Strategic Priorities and Goals for the 2019 to 2022 term of Council included the following goal; “Develop the concept, financing, project plan and potential construction schedule for the South Bowmanville Recreation Centre for Council in 2019, for consideration in the 2020 budget, with a design to follow”.
- 1.4 To accomplish this goal a project team was created, made up of Community Services staff and Robert Lockhart of the Rethink Group (the Project Team). The work of the team included: providing an update of the data and findings of the earlier Strategy, conducting public engagement, holding meetings with key stakeholders and Community Services staff. The objective was to present to Council, a facility program that would provide an outline for the design of a recreation facility based on the feedback of the general public, major indoor facility user groups and staff.

2. Public and User Group Engagement

- 2.1 In June, the Project Team scheduled meetings with facility users to gather feedback on their program and facility needs, to better inform the team on what the future needs are in our community from their perspective.
- 2.2 One meeting focused on our major ice user organizations. Groups in attendance were: Clarington Minor Hockey Association, Clarington Girls Hockey Association and Clarington Zone AAA Hockey Association. The focus of this meeting was to discuss current and future demand for ice and whether or not their program would benefit from the construction of additional ice pads. A representative from the Newcastle Memorial Arena Board and one of our local hockey development operators also attended.
- 2.3 All meeting attendees indicated they currently purchase significant amounts of ice time outside of Clarington in order to satisfy the needs of their current programs. The lack of prime time ice prevents any expansion of on-ice programs such as player skill development. The organizations indicated they would move this additional ice back to Clarington if ice time is available. Although not specifically stated at this meeting, staff have received ice allocation requests from Newcastle Village Minor Hockey in past years. It is anticipated additional ice pads in South Bowmanville would satisfy all of the above noted ice needs.
- 2.4 Another meeting focused on a broader group and was attended by: Clarington Swim Club, Clarington Squash Club, Clarington Minor Lacrosse Association, Clarington Green Gaels Lacrosse, and Autism Home Base Durham. Discussions with the groups included whether their current access to space met their operating requirements and if there was a potential for future growth should access to space increase.
- 2.5 Clarington Minor Lacrosse advised staff they operate a winter lacrosse program at the Children's Arena in Oshawa. They would move the program to Clarington if floor time was available during the fall and winter months. This may be feasible at a future date when the Darlington Sports Centre has reached the end of useful life as an arena facility.
- 2.6 Clarington Swim Club expressed a desire to expand their program in the future. They currently rent 17 hours of pool time per week and would like to increase this to 27 hours, over a number of years. If a new swimming pool is constructed and the Club were to relocate, they would no longer have any need for pool time at the Alan Strike Aquatic and Squash Centre.
- 2.7 Clarington Squash Club expressed an interest in seeing new courts being included in a new facility, ideally four single courts and two doubles courts. They stated a need for a lounge facility (suitable for alcohol events) and for club-style change facilities. This would

allow them to host larger tournaments. If new courts were added, they would no longer have a need for the two courts at the Alan Strike Aquatic and Squash Centre.

- 2.8 On June 18, 2019, a Community Forum was hosted at the Garnet B. Rickard Recreation Complex, to gather input from residents and stakeholders on their thoughts about the proposed South Bowmanville Recreation Centre. Approximately 90 people attended the session and were organized into 11 discussion groups. After a presentation of background information, delegates participated in small group discussions.
- 2.9 The format of the Forum was a facilitated round table discussion. The conversation focused on three predetermined questions, provided to each table. There were a number of themes that emerged. These themes pointed to the most important facility components to those in attendance being:
- Indoor Ice
 - Swimming Pools
 - Fitness/Wellness
 - Multipurpose Program/Community Space
 - Gymnasium
- 2.10 It is important to note that there were mixed feelings about a Library Branch, however, this appeared to be based on confusion surrounding the future of the main branch in Bowmanville. According to the Clarington Public Library (CPL), the plan is to establish a branch location at this facility in addition to their main library in downtown Bowmanville.
- 2.11 Additionally, with the assistance of our Communications Office, the Engage Clarington web page was used to add an on-line survey providing an opportunity for residents who could not attend the Community Forum to provide input on what is most needed at this facility. The survey was active from June 8 to July 9. There were 2,177 respondents that completed the survey. Since the intent of the survey was to solicit general feedback from residents across the Municipality we did not collect information on where respondents lived or their demographic profile.
- 2.12 The survey was limited to two questions to increase the response rate. Question 1 asked about the respondent's degree of agreement/disagreement with the key facility components that were emerging for the proposed facility. Question 2 asked about other desired amenities and features to be considered. 872 respondents provided an answer to this question.

2.13 Lastly, a workshop was held with the Community Services management/supervisory team, which represented all areas of the Department. There was robust discussion on what the possible facility components should be and what, from a staff perspective, were important factors to consider. Some of the important comments from this session include:

- The need to provide flexible program and community activity space and not dedicated space for any one age cohort or group. This would help to maximize access and facility usage.
- The potential impact of adding additional swimming pools should be fully evaluated. Currently, pools are not fully utilized. The addition of a pool could further spread out usage, specifically in the case of the Alan Strike Aquatic and Squash Centre. Further, there is a regional and province-wide challenge in attracting aquatic staff. Would we be able, in the short term, to adequately staff four aquatic facilities?
- There is an increasing demand for public skating programs. Due to the demand for prime time ice, the majority of our “drop-in” skating programs run Monday – Friday during the daytime. There is a growing demand to expand our programs and offer more options in the evenings and on weekends.
- With the current demand on prime time ice, it is difficult to promote sport tourism and attract larger events such as hockey tournaments and skating competitions. The impact these events have on regular programming, due to cancellations, is a challenge for our ice users.
- There was agreement that minor sports organizations do not have adequate ice time to properly run their programs and provide opportunities to expand.
- Would there be an impact on existing membership numbers at Courtice Community Complex fitness centre if a new facility was included in South Bowmanville? Would we increase our number of members or disperse existing members across two facilities?
- Is the private sector adequately servicing the fitness needs of our residents, especially in the immediate area of the proposed facility?
- The need for a walking or running track is regularly expressed by the community to staff.

Major Findings

- 2.14 Following the extensive community engagement and staff consultation, the conclusions regarding what is needed in this new recreation centre confirm the findings of the previous Strategy. We did hear some unique ideas such as including an area for children attending sibling hockey games to play in, creating a space where community members feel comfortable gathering, creating multi-purpose space that encourages arts and culture programming, and the need to provide inclusive spaces such as gender neutral change rooms and washrooms.
- 2.15 There is a pent up demand for ice time from our minor sport organizations, as supported by their need to contract ice outside of the Municipality. This trend is expected to continue as our population grows.
- 2.16 While important to identify the needs expressed for a new facility, it is also important to evaluate and assess demand indicators, trends and other considerations prior to making the decision to move forward on any particular component. For example, although the need for a new swimming pool ranked fairly high through the engagement discussions, usage and other factors need to be considered. Similarly, a fitness/wellness centre was also popular, however, further investigation is needed before expanding into the Bowmanville area.

3. Proposed Facility Program – Phase 1

- 3.1 The proposed program for Phase I, as outlined below, represents the recommendations of the Project Team.

Twin Pad Arena

- 3.2 The proposed program includes a twin pad arena facility consisting of two NHL sized ice surfaces, associated dressing rooms for players and officials, a pre-game warm up area, storage rooms and spectator seating for each ice pad in the range of 250-300.
- 3.3 The provision of two additional ice pads will address the pent up demand for additional ice from both the general public and major sport organizations. As previously stated, a significant amount of ice is being contracted outside of the Municipality. Not only is this preventing expansion in some areas of their programs, the lack of prime time ice is impacting the ability to deliver municipally operated programs.
- 3.4 The addition of two ice pads will assist staff with the allocation of ice for all residents of Clarington. In the past we have received ice requests from the Newcastle Village Minor Hockey Association that unfortunately we were not able to accommodate. During recent discussions with representatives of the Newcastle Arena Board we restated our desire to work with them to address any ice time shortages they may have.

- 3.5 As indicated, the addition of two ice pads would enable the Municipality to attract new, larger special events. This has a positive economic impact through sport tourism and is a fantastic way to promote Clarington. Currently to achieve this, ice users are negatively impacted, so there has been a movement away from special events. Staff are confident these additional ice pads will allow us to grow this area of our business.

Indoor Walking Track

- 3.6 The proposed program includes a minimum three lane rubber floor indoor walking track. Although the final design will need to be confirmed, it is anticipated this walking track will be constructed in the upper level perimeter of the gymnasium. For this reason the length of the track has not been determined. The space could include a warm-up area and other fitness/wellness features.
- 3.7 Although this does not represent a major facility component in terms of capital cost, the demand for year-round access to walking, regardless of outdoor weather conditions, has been heard from many of our residents and that this amenity should be considered for major recreation facility expansion plans in the future.

Gymnasium

- 3.8 The facility program includes a 10,000 square foot gymnasium that can be dividable into sections with curtain partitions, access to change room facilities, storage and viewing in adjacent lobby area.
- 3.9 The Municipality operates only one full-sized gymnasium located at the Diane Hamre Recreation Complex. The remainder of the gymnasium based programs and activities are located in school gymnasiums. Access to school gyms is limited to non-school hours and school based needs are given priority for space. Although a rare occurrence, we recently experienced cancellation of school permits due to a labour dispute at area schools.
- 3.10 Through the engagement process we heard the need to provide flexible use space for a wide variety of activities. A gymnasium will satisfy this need effectively. This space will provide early childhood physical literacy skills, increased opportunities for older adult daytime active sport programming, after school activities as well as various youth and adult sport drop-ins and programs. Based on the demand for space at Diane Hamre, staff are confident this will be a valuable addition to this facility.

Multi-Purpose Community and Programming Space

- 3.11 The facility program includes 6,000 square feet of flexible multi-purpose space, storage for both Department programs and community groups, a teaching style kitchen facility and space for floor-based fitness programs.
- 3.12 It is necessary to include multi-purpose programming space in all facility developments. The facility will be well served by spaces that satisfy the needs of a recreation centre and also create the atmosphere of a “Community Hub”.
- 3.13 The program will not include dedicated space for community groups or specific activities, however, access to kitchen facilities and storage space will allow groups to call the space ‘home’ when they are in the facility. This will also maximum utilization for daytime and evening use seven days per week.

Community Services Administrative Office Space and Tourism Office

- 3.14 In addition to the office and administrative space required for the staff who will be working in the facility, the program includes 2,700 square feet for the relocation of the Department’s administration staff from 40 Temperance Street, and senior staff currently working at other facilities.
- 3.15 In addition to freeing up office space at 40 Temperance Street, this move would allow the Director and Managers to be closer to our customers, take advantage of efficiencies and to work closer with their team.
- 3.16 This facility will not only serve the recreation needs of our residents but will also serve as a “Community Hub”. The facility will also attract a number of out of town visitors who are here for various sporting events and other activities. For these reasons we are proposing the Clarington Tourism operations relocate to this facility. We very much see the synergy between recreation/leisure and tourism and believe this relocation would be a great addition to the facility.

Branch Library

- 3.17 At the May 22, 2019 Board Meeting the following resolution was adopted:
 - Motion LB048-19, “That the Clarington Public Library Board express interest to the Municipality of Clarington to provide library services at the Bowmanville South location”.
- 3.18 Community Services staff have met with Clarington Public Library staff to discuss preliminary requirements for a branch library. Based on the size of branch locations in Newcastle and Courtice it was discussed a branch location at this facility would be in the 10,000 – 12,000 square foot range.

- 3.19 The proposed program includes a 10,000 square foot library branch that will offer a full range of public library services including: lending services; a dedicated children's space, program, cultural and educational opportunities; and collaborative creation spaces. The branch in this facility is considered an adjunct (not a replacement) to the main Bowmanville Branch on Church Street.
- 3.20 The proposed branch is envisioned as a flagship for creativity and technology by offering services that will support lifelong learning and engagement with STEM (Science, Technology, Engineering, and Mathematics) by way of coding activities and digital creation tools, such as a 3D printer. The Library will provide programming opportunities for residents which will support design-centred, computational thinking through a combination of education and self-directed exploration.
- 3.21 The branch will include semi-private workspaces/study rooms that can be used for individual silent study or small group work. Library programming will be conducted in the facility's joint multi-use programming and community room.
- 3.22 In 2020 the Library will incorporate museum and archive services into its mandate. The proposed branch could include a museum and archives exhibits to promote local history and culture.
- 3.23 The provincial benchmark for library facility square footage is 0.6 square feet per capita. Using this benchmark and the 2016 Clarington census population data, Clarington Public Library has a facility shortfall of 6,504 square feet; this does not include past or future population growth. The calculation can be seen in the chart below.

Library Facility Needs (sq. ft.) *(based on 0.6 square feet per capita guidelines)	55,208
Current Library Facility Offerings	Size (sq. ft.)
Bowmanville	24,000
Courtice	12,000
Newcastle	9,100
Orono	3,604
Total	48,704
Library Facility Shortfall (2016)	6,504

*2016 Census Clarington Population 92,013

4. Proposed Facility Program – Phase 2

- 4.1 Throughout the community engagement process, both an aquatic facility and a fitness/wellness centre were well received by our user groups and the public and should be included in the South Bowmanville facility. The Project Team had to not only consider the responses from the public but also had to consider the demand indicators and staff input on the current state of the potential facility components. Consideration of the total project cost has determined this facility needs to be developed in two phases. Once this decision was made, the Team identified what components would be proposed for Phase II. The timing on the Phase II project has not been confirmed but based on the 2017 Strategy the aquatic facility was identified for 2029.

Aquatic Facility

- 4.2 The proposed program includes a 25 metre, 8 lane main pool tank, a large therapeutic pool, supervisor/lifeguard office, on deck storage, a large family change room as well as good sized male and female change rooms. The family change room will have barrier free change facilities and all change rooms will have universal design washrooms.
- 4.3 Based on the current usage of our three indoor swimming pools, it is anticipated the existing supply will satisfy the needs of the community for the next 4-7 years. The 2017 Indoor Facilities Strategy proposed a renovation at the Courtice Community Complex to commence design in 2024, which would expand the swimming pool area to the west, providing a larger warm water pool that would enhance younger children's learn to swim programs and therapeutic uses. With a reconfiguration of the existing pool change rooms,

this project should create pool capacity that will sustain the demand until a decision is made on an aquatic facility for South Bowmanville in the 2028/29 timeframe.

- 4.4 In 2015, a significant renovation was completed at the Alan Strike Aquatic and Squash Centre. In addition to immediate improvements to accessibility and public viewing, the improvements to the filtration, mechanical and electrical systems will extend the lifecycle of this facility for 10 – 15 years. At such time as a new aquatic facility is constructed, the need for the Alan Strike facility would drastically diminish and a decision on the future of the building would be required. There was some discussion at the Community Forum and in the on-line survey regarding the need for a 50 metre pool for Clarington. This type of facility would exceed the needs of our local community and would be considered a regional or provincial level type of facility, expensive to construct and to operate. This type of facility is not recommended for this facility.

Fitness/Wellness Space

- 4.5 The proposed program includes a total of 8,000 square feet for aerobic, strength and conditioning, and spinning areas, change room facilities, assessment and storage rooms.
- 4.6 A centrally located fitness facility would be beneficial to the delivery of fitness services to our community, however, in the shorter term, we are concerned about the impact this would have on our existing membership base at Courtice Complex. Our membership base has remained relatively steady over recent years and staff agree that the current facility could accommodate increased memberships.
- 4.7 The Department does reach out to the entire community by offering a wide variety of fitness and wellness classes in most of our recreation facilities. This will continue through the offering of programs in the multi-purpose program space in Phase I of this project. There are also examples where equipment based opportunities have been incorporated into other areas of recreation facilities. A good example would be to provide treadmills and bikes adjacent to a walking track. This will be a consideration during the design phase of the new facility.
- 4.8 The provision of fitness facilities by Clarington is an area that is also serviced by the private sector. An existing Council resolution prevents development of municipal fitness centres and this must be reconsidered before moving forward with a fitness/wellness centre in this facility. Deferring this component to the second phase will allow staff to gauge the impact of population growth and the ability of the private fitness operators to satisfy the needs of the community.

5. Proposed Facility – Phase I and II Capital Costs

- 5.1 The summary of the total cost of the Phase 1 program is provided below. More details of the proposed budget can be found in Attachment 1. As the project costs will be shared

between Community Services and Clarington Public Library, and will be financed separately, the total cost and the individual costs are provided.

Total Phase I Project Costs:

Construction	\$42,100,000
Design/Engineering/Project Management	4,200,000
Furnishings and Equipment	<u>1,705,300</u>
Total	\$48,005,300

Recreation Facility Costs:

Construction	\$36,969,750
Design/Engineering/Project Management	3,843,000
Furnishings and Equipment	<u>1,500,000</u>
Total	\$42,312,750

Branch Library Costs:

Construction	\$ 5,130,250
Design/Engineering/Project Management	357,000
Furnishing and Equipment	<u>205,300</u>
Total	\$ 5,692,550

- 5.2 The summary of the total cost of the Phase II program is provided below. More details of the proposed budget can be found in Attachment 1.

Phase II Project Costs:

Construction	\$16,600,000
Design/Engineering/Project Management	1,660,000
Furnishings and Equipment	<u>650,000</u>
Total	\$18,910,000

Please note that no financing calculations have been provided for Phase II capital costs.

6. Proposed Facility – Operating Costs

- 6.1 A detailed operating budget for the proposed Phase I project has not been finalized at this time. Based on the preliminary work to date, it is estimated that the components of the facility (excluding library operations) would generate in the \$1.0M range annually. In addition, the existing indoor soccer facility annual revenues are \$150,000 and they are expected to grow following this expansion.

- 6.2 Consideration will also be given to alternative sources of funding for this facility, either to contribute to the capital costs or to the annual operating costs. This could include facility naming rights or sponsorships as well as instituting a surcharge on rentals and activities. Both of these revenue opportunities are used successfully in other Durham area municipalities.
- 6.3 In addition to the obvious partnership with CPL at this facility, staff will also look to partner with the private sector and/or local community groups to lease space to offer complementary services to the facility. This would provide a source of additional revenue. Examples of this could include pro shop and food services.
- 6.4 Staffing costs will represent the largest component of this facility's annual operating budget (excluding debt servicing charges). When constructed this would be the largest recreation facility in Clarington, and would require adequate staffing levels to both maintain the high quality of facility standards and deliver the best programs and services, expected by our community. The proposed staffing plan is still to be developed.
- 6.5 As utility costs represent the second largest impact to operating a facility, it will be important to control those costs. This will be done by adopting energy efficiency principles in the design phase of the project, as well as in our operating practices. As noted below, funding applications will be judged on meeting or exceeding published energy efficiency standards.
- 6.6 Community Services staff will continue to work on a proposed operating plan and will provide this to Council in advance of the 2020 budget deliberations as these costs would need to be identified in our four-year operating budget forecast.

7. Investing in Canada Infrastructure Program

- 7.1 On September 3, 2019, the Province announced they were accepting applications for funding of projects under the Investing in Canada Infrastructure Program (ICIP), Community, Culture and Recreation stream. Approximately \$470 million in federal funding and \$320 million in provincial funding will be available in this stream over 10 years commencing in 2019. In addition to the current intake, a second intake is anticipated in 2021.
- 7.2 Priority will be given to projects that are community-oriented, non-commercial and open to the public. In addition, projects will be judged in terms of meeting or exceeding the highest published standards for your jurisdiction, in terms of accessibility and energy efficiency.

- 7.3 The deadline date for submissions is November 12, 2019. The program calls for a two-step evaluation process. Initially, the Province will receive all applications for review. The Province will notify applicants if their project has been selected for nomination to the federal government for review and approval. This is estimated to occur in winter 2020. Applicants will be notified of the federal funding decisions in spring/summer 2020, also estimated.
- 7.4 Based on a review of the program guidelines, staff have determined that all associated costs for the design and construction of the facility expansion, as presented in this report, would be eligible costs and subject to the funding formula outlined in the program. The cost sharing formula (maximum for Federal and Provincial contributions, and minimum for municipal contributions) for all eligible costs is as follows:

Federal Contribution	40.00%
Provincial Contribution	33.33%
Municipal Contribution	26.67%

8. Potential Construction Schedule

- 8.1 The initial project schedule we were working towards needed to be revised due the timelines set out by the provincial and federal government for their infrastructure funding program. As indicated earlier in the report, a final decision on funding approval by the federal government is not expected earlier than the summer of 2020.
- 8.2 The Key Project Milestones are:
- | | |
|---|-------------------|
| Infrastructure Funding Application | November 12, 2019 |
| Council Capital Budget Approval | January 20, 2020 |
| Infrastructure Funding Approval (estimated) | August 31, 2020 |
| Design Approval (estimated) | June 30, 2021 |
| Construction Contract Award (estimated) | October 15, 2021 |
| Facility Open to Public (estimated) | October 15, 2023 |
- 8.3 Should it be the desire of Council to accelerate the project schedule, approval for site geotechnical work and the facility design could be initiated upon project approval in the 2020 capital budget. However, it should be noted that costs incurred on this project in advance of receiving federal approval will not be eligible for the cost sharing program.

9. Construction Methodology

- 9.1 The preliminary timelines identified above are based on the traditional Stipulated Price Contract (Design-Bid-Build). This has been the method used for previous recreation facility construction. In addition, the Design-Build and more recently Integrated Project Delivery options could be considered.
- 9.2 Staff will further investigate these project options to determine what is in the best interest of the Municipality in terms of value for money, quality of final product and completion schedule. A decision will be made in advance of the estimated federal funding decision timeline.

10. Financial Considerations

Capital Costs

- 10.1 The following provides a breakdown of the proposed costs of Phase 1:

Recreation Component	
Construction	\$36,969,750
Furniture, Fixtures and Equipment	1,500,000
Design/Engineering/Project Management	3,843,000
Total Recreation	\$42,312,750
Library Component	
Construction	\$5,130,250
Furniture, Fixtures and Equipment	205,300
Design/Engineering/Project Management	357,000
Total Library	\$5,692,550
Total Phase 1	
Construction	\$42,100,000
Furniture, Fixtures and Equipment	1,705,300
Design/Engineering/Project Management	4,200,000
Total Phase 1 Cost	\$48,005,300

Capital Funding Sources

- 10.2 The Municipality can fund the capital costs related to the South Bowmanville Recreation Centre through government grants, development charges and sponsorships. It is important to understand what can be raised through these funding sources because the shortfall between these funding sources and the capital costs must be funded directly from the tax levy. There are many unknowns regarding government grants and development charges that prevent us from calculating what the tax levy impact of this facility will be.
- 10.3 The first unknown is the Municipality's application to the Investing in Canada Infrastructure Program. If successful, the grant could fund up to 73.33%, or \$35.2 million, and the Municipality's share would be \$12.8 million, which would be funded through development charges and the levy.
- 10.4 The second unknown is the amount that the Municipality will be able to fund through development charges (DC's). The new provincial act "Bill 108: More Homes, More Choice Act" will remove the soft-services (Parks, Recreation, Library and Planning Studies) from development charges and move these services to a Community Benefit Charge (CBC). The implication of this change is not yet known, as the regulations of the Act have not been released. It is anticipated that regulations will be released in October and once released, staff will be able to assess what the impacts will be.
- 10.5 Given that we do not know how the CBC will be calculated at this time, we will show a scenario where we are able to collect the same amount as we are able to under the existing DC framework, and a scenario where this project would not be eligible to be funded through the CBC.
- 10.6 Under the current Development Charge (DC) by-law, 90% or \$43.2 million of the new facility could be eligible to be funded through development charges. The remaining 10% or \$4.8 million, would be funded through own source revenues. The eligible amount will depend on the final scope of the facility and whether there is a benefit to existing or replacement share. At this time the new facility is not intended to replace existing facilities.

Financing

- 10.7 The Region of Durham staff have estimated that the range of interest rates could be from 2.7% to 5.25%. To be conservative, staff have assumed a 20 year debenture at 5.25%. A lower rate would reduce the impact to the levy.

- 10.8 For the recreation component, based on a debenture of \$42.3 million, interest costs would be \$22.8 million, totalling \$65.1 million. The first year of debt servicing costs would total \$4.3 million.
- 10.9 The Clarington Public Library share would be \$5.7 million of principal plus \$3.1 million of interest, for a total of \$8.8 million. The first year of debt servicing costs would be \$580,000.
- 10.10 The following table shows the impact on the tax levy under four different scenarios. The scenarios consider whether the grant application is successful and whether the project will continue to be eligible under the new CBC.

Scenario	Grant	CBC	Recreation	Library	Total
1	No	No	7.60%	1.02%	8.62%
2	No	Yes	0.75%	0.10%	0.85%
3	Yes	No	2.00%	0.27%	2.27%
4	Yes	Yes	0.10%	0.03%	0.13%

- 10.11 Under Scenario 2 consideration must be given to the Municipality's ability to fund debt payments through DC's (or Community Benefit Charges). For Indoor Recreation, the average DC collections since 2015, which have been high growth years, has been \$3.5 million. Under Scenario 2, where the project would be CBC eligible, there would be \$3.9 million funded through the Indoor Recreation DC reserve fund annually. Without higher DC collections there would be an annual shortfall of \$400,000. The Indoor Recreation DC reserve fund is in a negative balance of \$120,000, and is committed to funding \$6.4 million of debt payments between 2019-2024 related to the Diane Hamre Recreation Complex and the Bowmanville Indoor Soccer Facility.
- 10.12 Debt servicing costs for Diane Hamre are expected to be complete in 2022. Starting in 2023 these funds can be redirected to the South Bowmanville Recreation Centre debt.
- 10.13 The average library DC collections have been \$550,000 since 2015. Under Scenario 2, where the project would be CBC eligible, there would be \$580,000 funded through the Library DC reserve fund annually. The Library DC reserve fund has an available balance of \$900,000, but is committed to funding \$78,000 debt payments annually related to the Courtice Library expansion. The current balance could be used to lower the debt requirements.

Operating Impact

- 10.14 Community Services staff will continue to work on a proposed operating plan and will provide this to Council in advance of the 2020 budget deliberations, as these costs would need to be identified in the four year operating budget forecast.

Summary and Next Steps

- 10.15 Without external financial resources such as senior government support and increased development growth there will be a significant impact to the tax levy. Therefore, it would be prudent at this time to apply to the Investing in Canada Infrastructure Program and assess the Municipality's ability to fund the facility once the status of the application is known.
- 10.16 Council may consider as part of the 2020 budget deliberations to begin a contribution to reserve funds to mitigate future debt servicing costs and stabilize potential tax increases.
- 10.17 Staff recently began the process to update the Municipality's DC by-law. As part of this process and once the regulations of Bill 108: More Homes, More Choice Act are released staff will report back to Council on how the CBC could fund the South Bowmanville Recreation Centre.

11. Concurrence

This report has been reviewed by the Director of Finance who concurs with the recommendations.

12. Conclusion

It is respectfully recommended that Council consider the findings of the research and community engagement completed by staff, with technical assistance from The Rethink Group, and conclude that the facility components proposed for the 2020 capital budget will serve our current residents as well as our community.

Staff Contact: George Acorn, Acting Director of Community Services, 905-623-3379 ext. 2502 or gacorn@clarington.net.

Attachments:

Attachment 1 – Feasibility Study for the South Bowmanville Recreation Centre

Interested Parties:

List of Interested Parties available from Department.