

Draft Capital Budget – Committee Information Request**Concord Thornhill Regional Artificial Soccer Turf - Funding Options and Relocate Fire Station 7-3 Land Acquisition – Updated Information****Recommendation**

The Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning recommend:

1. That the following funding option for the old City Hall demolition, the Concord Thornhill Regional Artificial Soccer Turf and the Fire Hall 7-3 Land Acquisition project be received for information purposes, and;
2. That in the event that Council determines debt financing is an appropriate funding source for the old City Hall demolition, the resulting capital funding from taxation be re-deployed as outlined in this report to fund the Concord Thornhill Regional Artificial Soccer Turf and the Fire Hall 7-3 land acquisition project.

Contribution to Sustainability

Sustainability by definition focuses on the ability to maintain a function over a period of time. Responsible budgeting allocates resources in a responsible way to sustain the City's operations and aspirations, balancing both current and future requirements. The budget approach seeks to minimize the current year requirements, while continuing to meet the requirements of the future.

Economic Impact

Through an alternate funding arrangement for the old City Hall Demolition capital project, capital funding from taxation would be available to accommodate the Concord Thornhill Regional Artificial Soccer Turf and Fire Hall #7-3 relocation capital projects. At this point in time, the alternative funding for the City Hall demolition would be debt financing. The implications on the Draft Operating Budget for the debt requirements for a 10 year amortization, and the annual artificial turf costs are as follows:

<i>Operating Budget Change</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
City Hall Demolition - Debt Requirements	\$ 119,750	\$ 239,500	\$ 239,500
Artificial Soccer Turf Maintenance	\$ 10,000	\$ 10,000	\$ 10,000
Artificial Soccer Turf Renewal Contribution	\$ 40,000	\$ 40,000	\$ 40,000
Sub-total	\$ 169,750	\$ 289,500	\$ 289,500
Incremental Change	\$ 169,750	\$ 119,750	\$ -
Tax Rate Change	0.12%	0.08%	0.00%

Communication Plan

Not applicable

Purpose

The purpose of this report is to respond to Finance and Administration Committee direction from the November 28, 2011 meeting wherein the Committee requested staff to explore potential funding options for the provision of an artificial turf soccer field at Concord Thornhill Regional Park and direction from the December 13, 2011 meeting wherein the Finance and Administration Committee deferred discussion on the Fire Station 7-3 Land Acquisition subject to updated information being received.

Background – Analysis and Options

At the November 28, 2011 Finance & Administration Committee evening meeting, staff were directed to report back on potential funding options that would facilitate the design and construction of an artificial turf soccer field at Concord Thornhill Regional Park in 2012.

Further to deputations made by executives of the Glen Shields Soccer Club during budget deliberations in 2010 and again during 2011, the club has committed to entering into a Public/Not-for-Profit partnership for the design and construction of an artificial turf soccer field at Concord Thornhill Regional Park. In 2010, the Glen Shields Soccer Club committed to provide \$130,000 toward the cost of an artificial turf soccer facility at Concord Thornhill Regional Park. In 2011, the Glen Shields Sun Devils U12 girls soccer club was successful in winning the inaugural Bank of Montreal (BMO) Team of the Week national competition. The prize for this competition was \$125,000. The Glen Shields Soccer Club, the Sun Devils U12 girls soccer team and BMO have committed this prize money to see an artificial turf soccer field at Concord Thornhill Regional Park become a reality. The total funding commitment from the Glen Shields Soccer Club to this facility is \$255,000.

The Capital project cost for the installation of the artificial soccer turf field is \$1,256,600. As illustrated, the Glen Shields Soccer Club has committed \$255,000, leaving \$1,001,600 to be funded from other sources.

Funding Option:

Currently the funding source for the balance of the Concord Thornhill Regional Artificial Soccer Turf capital project is taxation. Unfortunately, this project was deferred to future budget deliberations due to the prioritization of many projects competing for this very limited funding source. However, should “taxation room” be created, Committee/Council could direct these funds to be allocated to the Concord Thornhill Regional Artificial Soccer Turf capital project.

In reviewing the list of capital projects funded from taxation, it is apparent that the City Hall Public Square capital project, estimated at \$20M, does not have a secured funding source. As a result, the project was deferred to 2014 and beyond. Given the size and scope of this project and the many other pressures on funding, an appropriate and possible source of funding would be long-term debenture financing. Should the City want to complete the City Hall Public Square, recognizing debt financing as a likely source of funding, it would be reasonable that the costs associated with the demolition of the old City Hall also be funded with debenture financing. This does not preclude the possibility of other sources of funding being identified at some future date.

Currently \$2.069M is included in the draft 2012 capital budget (Project BF 8388-12) for demolition and funded by taxation. The change in funding source would free up the \$2.069M in taxation funds, a portion of which could then be directed by Council to fund the remaining \$1,001,600 Concord Thornhill Regional Artificial Soccer Turf capital cost.

It should be noted that the Finance and Administration Committee has also requested a report on a number of issues relating to the old city hall. Regardless of Council's decision on these other issues, the option to redeploy taxation funding from the Demolition of the Old City Hall project to the Concord Thornhill Regional Artificial Soccer Turf project could proceed.

The associated costs of 10 and 20 year debenture financing for the Old City Hall demolition are illustrated below.

Payments	Principle	Term Years	
		10	20
Interest Rate *		2.75%	3.50%
Old City Hall Demolition	2,069,300	\$239,500	\$145,598

Cost of Debt

Interest Amount	\$325,702	\$842,664
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** Infrastructure Ontario interest rates posted on Dec. 20th, 2011*

As per City Policy, a debenture reserve transfer equal to half the estimated debenture payment is required in the year the project is approved. This policy is intended to smooth the impacts associated with debenture financing. Once the project is complete and closed, the project value will be issued for debt financing. It is anticipated that work will commence in 2012 with a target completion date in 2013, followed by a debenture issue shortly thereafter. It should be noted, the addition of the above debt can be managed within the City's debt policy (e.g. not to exceed 10% of own source funding).

The timing associated with construction of the City Hall Public Square is currently undetermined and will be a topic of discussion during next years budget discussions.

Additional Artificial Turf Costs

In addition to the above costs there will be a funding requirement for on-going maintenance and future infrastructure renewal. The Parks Department has estimated approximately \$10,000 per year for on-going maintenance. In addition, as per policy, an infrastructure renewal contribution is required. This contribution based on department provided future values and estimated lifecycles is calculated at \$40,000

Remaining Capital from Taxation Funding – Fire Station 7-3 Land Acquisition

As indicated above, the amount of taxation funding room generated is \$2,069,300. Allocating \$1,001,600 of this balance to fund the Concord Thornhill Regional Artificial Soccer Turf leaves a remaining balance of \$1,067,700 unallocated.

The City is currently looking to relocate Fire Hall #7-3 with the potential for a partnership with York Regional Police and EMS on the new site. Project FR 3514-12 Relocate Fire Station 7-3 Land Acquisition is included in the Draft 2012 Capital Budget at a cost of \$671,700, funded from a combination of development charges and proceeds from land sale, which is insufficient based on current land cost information. Funding for a site will require additional funding from other sources. Since it is a reallocation of an existing fire hall, a significant portion of the cost cannot be funded by Development Charges. Given the importance of this City initiative, there is an opportunity to allocate the remaining balance of \$1,001,600 to the Fire Station 7-3 Land Acquisition project. There is also the

potential for York Region to be involved in a partnership on the new site, however this should not result in a net cost to the Vaughan taxpayer. It is appropriate to allocate the additional funds to the project, however, final adjustments to the budget for the Station 7-3 lands will be considered when a preferred site is determined, and additional information is available.

Relationship to Vaughan Vision 2020 / Strategic Plan

The Budget Process allocates and approves the resources necessary to continue the City's activities and implement Council's approved plans.

Regional Implications

None

Conclusion

The purpose of this report is to respond to direction from the November 28, 2011 Finance and Administration Committee meeting wherein the Committee requested staff to explore potential funding options for the provision of an artificial turf soccer field at Concord Thornhill Regional Park and direction from the December 13, 2011 meeting wherein the Finance and Administration Committee deferred discussion on the Fire Station 7-3 Land Acquisition subject to updated information being received.

Attachments

None

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Respectfully submitted,

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