



## STAFF REPORT ACTION REQUIRED

### Amendment to the 2010 Parks, Forestry and Recreation Capital Budget to accept a donation from the East York Foundation for Leaside Memorial Gardens

<b>Date:</b>	May 14, 2010
<b>To:</b>	Budget Committee
<b>From:</b>	Brenda Patterson, General Manager, Parks, Forestry and Recreation Cam Weldon, Deputy City Manager & Chief Financial Officer
<b>Wards:</b>	<b>Ward 26 – Don Valley West</b>
<b>Reference Number:</b>	P\2010\Cluster A\PFR\BU72-052810-AFS#12113

#### SUMMARY

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The purpose of this report is to request Council approval to accept a donation from the East York Foundation for the project to be known as Leaside Memorial Gardens Expansion Design and amend Parks, Forestry and Recreation's Capital Budget and Plan to apply these funds.

With the approval of this report, and receipt of the above-noted donation, staff will have the funding to proceed with a Request for Proposal process to hire an architect to begin the schematic and detailed design on a second ice pad proposed at Leaside Memorial Gardens.

#### RECOMMENDATIONS

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**The General Manager of Parks, Forestry and Recreation and the Deputy City Manager and Chief Financial Officer recommend that:**

1. City Council approve the acceptance of the donation from the East York Foundation in the amount of \$525,000 to fund the schematic and detailed design of the proposed second ice pad at Leaside Memorial Gardens;
2. approval be granted to amend the Council-approved 2010 Parks, Forestry and Recreation Capital Budget to create a new sub-project known as Leaside Memorial Gardens Expansion Design with project cost of \$525,000 and cash flow

of \$225,000 in 2010 and \$300,000 in 2011, conditional on the receipt of the donation of \$525,000 from the East York Foundation.

### **Financial Impact**

Conditional upon the receipt of the \$525,000 donation, approval of this report will amend the 2010 council-approved Parks, Forestry and Recreation Capital Budget to add a new sub-project known as Leaside Memorial Gardens Expansion Design with project cost of \$525,000 and cash flow of \$225,000 in 2010 and \$300,000 in 2011. The project will enable the City to retain an architect to begin design of a proposed arena expansion on the site.

The Leaside Memorial Gardens Board has estimated that the overall arena expansion project will cost \$11.7 million which includes \$6.0 million for the second ice pad and other service improvements and future state of good repair projects identified for the existing structure. A preliminary analysis by staff indicates that future Leaside Gardens revenues could support \$6 million to \$7 million in repayable debt provided by the City. An agreement between the City and the Leaside Memorial Gardens Board for retirement of the proposed debt financing must be concluded to accompany City Council's 2011 Capital Budget considerations.

The scope of the construction project will be defined over the coming months. Details of the project and all sources of funding will be identified in the 2011 Parks, Forestry and Recreation's Capital Budget submission, supported by the design project outlined in this report.

The donation is being submitted by the East York Foundation with the understanding that approval of the full scope of the arena expansion report has not yet been considered by Council.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

### **DECISION HISTORY**

At its meeting on May 26 and 27, 2008 (Decision Document Item EX20.10 Acquisition of 1075 Millwood Road), City Council approved amending the 2008 Approved Capital Budget for Parks, Forestry and Recreation by the addition of a new Land Acquisition sub-project, "1075 Millwood Road" for a total acquisition cost of \$1,287,250.00, in order to complete the acquisition and enter into an Agreement of Purchase and Sale to acquire the property in the amount of \$1,245,000.00.

Further, City Council also authorized Parks, Forestry and Recreation and the Deputy City Manager and Chief Financial Officer to co-ordinate a planning process with the Board of Management of Leaside Memorial Community Gardens to establish a business plan for the development and management of an additional indoor ice pad incorporating the

expanded site and that if a plan should not be possible, other options for development and management of an additional ice pad be explored. The business plan for the development and management of the additional indoor ice pad was to be completed and reviewed for submission to the Budget Committee by October 2008 for consideration with the 2009-2013 Capital Plan.

Link to City Council Decision Document, May 26 and 27, 2008

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-05-26-cc21-dd.pdf>

Link to Staff Report – Potential Acquisition of 1075 Millwood Road

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-12552.pdf>

At its meeting on February 22 and 23, 2010 (Decision Document Item CD30.5, Ice Allocation Practices in City Arenas Operated by Arena Boards of Management, Recommendation #6), City Council directed that staff continue negotiations and develop a business plan with the Leaside Board of Management on the twinning of the existing ice pad.

Link to City Council Decision Document, February 22 and 23, 2010

<http://www.toronto.ca/legdocs/mmis/2010/cc/decisions/2010-02-22-cc46-dd.htm>

Link to Staff Report – Ice Allocation Practices in City Arenas Operated by Arena Boards of Management

<http://www.toronto.ca/legdocs/mmis/2010/cd/bgrd/backgroundfile-26737.pdf>

## **ISSUE BACKGROUND**

### Leaside Memorial Gardens Expansion

In 2001, the Arena Board of Management of Leaside Memorial Community Gardens (Leaside Board) in cooperation with Parks Forestry and Recreation (PF&R) staff undertook a needs assessment and feasibility study to explore the future recreation needs of facility users and community residents and determined how these needs could be best addressed. The assessment was documented in the report entitled “Phase One Report – Leaside Memorial Community Gardens – Needs Assessment Feasibility Study” (May 2001) and was prepared by dma Planning and Management Services (formerly Olmstead Consulting Services). The report provided a number of indicators including the usage of ice time in other communities by local ice organizations, the relatively low service level for ice provision across Toronto and the potential to reduce annual operating costs of the facility if the arena were twinned. Based on the results on the feasibility study report, it was determined that expansion was necessary and the Leaside Board prepared a proposal for the construction of a second ice surface and have had several meetings with City staff over the years.

In 2005, there was a required state of good repair project scheduled at Leaside Arena. In anticipation of a future expansion at Leaside, the Leaside Board asked the City to design with consideration for a proposed future rink expansion; City staff accommodated this request. Systems such as refrigeration, heating and domestic hot water, rooms such as

the refrigeration and mechanical rooms were redesigned to facilitate the future second ice pad. This was done so that no further renovations would be required during future facility expansion.

As per City Council authorization in 2008, the purchase of the property at 1075 Millwood closed on February 19, 2010 in order to enable the potential expansion and construction of a second ice pad at the existing arena.

In the fall of 2009, the Leaside Board submitted an updated Feasibility Study and Business Plan in for review by City staff on the expected revenues and expenditures to cover the operating costs of the second ice surface. The Leaside Board has also been reviewing options to fund the capital construction costs of the second ice pad including fundraising and debt financing provided by the City and recovered from its future cash flow.

The Leaside Business Plan describes a project that includes state of good repair and service improvements to the existing arena, a new meeting room, upgrades to the banquet facility, increased staffing, etc. to a total of \$11.7 million including the future state of good repair projects already identified in the 2011 - 2019 PF&R Capital Plan and Forecast. The future revenue stream from the expanded facility would support \$6 million to 7 million in 30-year debt issued by the City and repayable from the project cash flows. A source of funding for the balance of the ultimate construction cost would need to be identified from other sources if the project is to proceed to the construction phase.

The construction project will be included in the Parks, Forestry and Recreation's 2011 Capital Budget. The details of the repayment agreement will be developed and finalized with the Leaside Memorial Gardens Board for inclusion in the 2011 Capital Budget considerations.

## **COMMENTS**

In April 2010, the Arena Board of Management of Leaside Memorial Community Gardens (Leaside Board) presented a financial commitment from the East York Foundation to the City of Toronto in order to begin the process of hiring an architect to begin the schematic and detailed design on a second ice pad proposed at Leaside Memorial Gardens. The expectation is to complete the design phase in order for the arena expansion construction to begin in the spring of 2011, with an opening date of September 2012.

Parks, Forestry and Recreation (PF&R) is in support of the proposed funding initiative, and is prepared to work with the Leaside Memorial Gardens Board to develop a Request for Proposal to hire professional services for the design of the second ice pad at Leaside Memorial Gardens

The purpose of accepting the funds at this time would be to begin the necessary design work concurrently with reporting on the overall project features and possible funding, in

order to achieve a 2012 construction completion date. The funds also represent a Board contribution to the project.

Further reporting on the design, funding and project management of the arena will be included in the 2011 PF&R Capital Budget submission. Funding for the overall project would include recoverable debt that would be paid back to the City from the increased revenues generated by the Board from the twin pad operations. .

## **CONTACT**

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## **SIGNATURE**

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Brenda Patterson  
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Parks, Forestry and Recreation

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Cam Weldon  
Deputy City Manager and Chief  
Financial Officer