



## STAFF REPORT INFORMATION ONLY

### Cost Effective Ways for Parks, Forestry and Recreation to Finance Capital Projects

<b>Date:</b>	March 20, 2009
<b>To:</b>	Community Development and Recreation Committee
<b>From:</b>	Brenda Patterson, General Manager, Parks, Forestry and Recreation
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### **SUMMARY**

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The purpose of this report is to provide information on cost effective ways the City of Toronto can finance the construction of new or expanded recreation facilities for multi-sports activities in a single facility and accelerate some of its state-of-good repair projects.

Many municipalities, including the City of Toronto, have been moving to multi-purpose recreation facilities instead of stand alone, single-purpose facilities. In such facilities, rinks, pools, gymnasiums and tracks may be accommodated in one single building, providing economies of scale in terms of staffing, parking and utilities.

As its infrastructure ages, Parks, Forestry and Recreation has already identified the need to develop and provide multi-use recreation facilities, both through the Capital Plan and through inter-divisional and private partnership opportunities, however, finding suitable sites and financing for these facilities remains an ongoing challenge for the Parks, Forestry and Recreation Division.

The Division will also be exploring infrastructure funding opportunities under the federal government's newly announced Recreational Infrastructure Canada Fund (RinC) program. The \$500 million national fund is scheduled for implementation over two years, starting this spring. At the time of this report, program details for this fund have not been disclosed, including eligibility and application criteria. However, the 2009 Federal Budget notes that the RinC program will be a fifty-fifty cost share initiative, to be administered through regional development agencies. The Parks, Forestry and Recreation Division will work closely with the City Manager's Office to explore funding opportunities under this program for priority recreational projects as soon as the federal government puts out a call for proposals.

## **Financial Impact**

There are no financial implications resulting from the receipt of this report.

The financial impacts of future capital projects will be developed in context with the appropriate Parks, Forestry and Recreation Capital Budget and Parks, Forestry and Recreation Capital Plan.

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## **DECISION HISTORY**

At its meeting of December 10, 2008, Toronto City Council requested the General Manager, Parks, Forestry and Recreation to report to the April 16, 2009 meeting of the Community Development and Recreation Committee on cost effective ways the City of Toronto can construct recreation facilities for multi-sports activities in a single facility and innovative financing mechanisms available to fund the construction.

Decision Document – City Council, Item EX27.1, pp. 11 (December 10, 2008)  
<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-12-10-cc28-dd.pdf>

At its meeting of February 6, 2009, the Community Development and Recreation Committee requested that staff be asked to submit a report to the Community Development and Recreation Committee on measures to capitalize on the Recreational Infrastructure Canada Fund recently introduced in the Federal Budget.

Decision Document – Community Development and Recreation Committee, Item CD22.12 (February 6, 2009)  
<http://www.toronto.ca/legdocs/mmis/2009/cd/decisions/2009-02-06-cd22-dd.pdf>

## **ISSUE BACKGROUND**

A trend already exists in Parks, Forestry and Recreation to develop multi-use/multi-function recreation facilities in cooperation with other Divisions (i.e. Parks, Forestry and Recreation facilities such as an indoor pool, gymnasium, multi-purpose rooms, etc., have been combined with community office space, libraries, daycare centres, etc.) in order to replace its aging infrastructure and to provide economies of scale and increased revenue opportunities.

Two recent examples of partnerships between Parks, Forestry and Recreation and private enterprise are Lakeshore Lions Arena Complex and the Portland's Regional Sports Complex.

Parks, Forestry and Recreation Division, together with the City Manager's Office and Toronto Office of Partnerships are also continuing to explore federal and provincial funding opportunities under their respective infrastructure funding programs.

### Lakeshore Lions Arena Complex

The Lakeshore Lions Arena was built in 1951 and has operated through a not-for-profit Service Group since that time. The Lakeshore Lions proposed a new partnership agreement where they would construct a state-of-the-art four pad facility on land provided by the City. The City and the Toronto District School Board engaged in a land swap to enable the construction of the facility on Kipling Avenue. The cost of construction was \$34.0 million, and the Lions have a business plan that shows the ice fees will cover the loans required over 35 years. After that, the fees are split evenly between the Lions and the City. The City provided a guarantee for the loans as the Lions have no assets, and because the City can get a better interest rate. This model demonstrates that a not-for-profit Service Group can build, operate and pay for the construction of a new facility without receiving direct funding from the City. Their business plan indicates that the right fee structure for the facility can pay for new facilities.

### Portlands Regional Sports Complex

This planned mega-sports complex to be located in the Portland's area is still in the early stages of development and has a funding commitment from three levels of government for \$35.0 million. Currently city staff from several divisions, including Parks, Forestry and Recreation, are in the process of determining a site in the area.

## **COMMENTS**

In recent years, municipalities in the Greater Toronto Area and beyond have been developing mega-sports complexes that provide various levels and combinations of sports and recreation facilities (i.e. multi-pad arenas, indoor and outdoor pools, health club facilities, etc.). These facilities are often developed on an "enterprise" basis to enable the revenue derived to be used to pay off the capital investment, often in partnership with private organizations and/or community groups.

As many suburban municipalities are not fully developed, large tracts of undeveloped land are still available to accommodate these facilities and their associated infrastructure (e.g. parking requirements).

Typically, a 250,000 square foot multi-sports complex – the size necessary to house multiple ice pads or an aquatic facility, gymnasium, multi-purpose rooms, office space, concessions, etc. – requires approximately 30 acres to accommodate the facility, ancillary parking and necessary infrastructure. These complexes tend to be situated on or near major arterial roads and are served by public transit, where this service is provided.

Conversely, the City of Toronto no longer has much greenfield space available for this type of development. The City could consider using parkland sites within the larger district parks, institutional lands, or industrial areas, but there are challenges with all of these locations.

Many existing district parks in the City were built on former landfill sites making the siting and construction of a mega-sports complex more complicated than developing a greenfield site. Many of these park locations are too small to accommodate this type of facility, including the necessary parking and other infrastructure that is required. Although City park sites are generally well served by public transit, these large facilities can generate a significant amount of traffic, thereby creating congestion on local streets and surrounding residential areas.

Other institutional sites (e.g. provincial and federal government lands, surplus school board sites, etc.) can be considered, however, there are substantial costs that would be incurred acquiring these lands. Alternatively, these sports complexes could be built in industrial areas where land values are typically lower than residential land values; however, these lands are generally designated as employment lands and a mega-sports recreational complex would compete with these uses. Prospective sites in industrial areas would have to be carefully reviewed to ensure that they are suitable for this purpose and would not diminish the supply of desirable industrial sites for industries wanting to expand or locate in the city.

#### Federal Recreational Infrastructure Canada Fund (RinC)

The Division will also be exploring infrastructure funding opportunities under the federal government's newly announced Recreational Infrastructure Canada Fund (RinC) program. The \$500 million national fund is scheduled for implementation over two years, starting this spring. At the time of this report, program details for this fund have not been disclosed, including eligibility and application criteria. However, the 2009 Federal Budget notes that the RinC program will be a fifty-fifty cost share initiative, to be administered through regional development agencies. The Parks, Forestry and Recreation Division will work closely with the City Manager's Office to explore funding opportunities under this program for priority recreational projects as soon as the federal government puts out a call for proposals.

#### Toronto Office of Partnerships (TOP)

Parks, Forestry and Recreation has provided a number of recreation opportunities due to the many successful partnerships that have originated from proposals vetted through TOP. In addition to seeking out partnerships with businesses, not-for-profit organizations, community groups, residents' associations and individuals, TOP also accepts and evaluates unsolicited proposals. TOP works closely with partnership staff from other City divisions, agencies, boards and commissions and supports existing City partnership activities. Due to its history of success, Parks, Forestry and Recreation will continue to work with TOP in any future proposals.

As its infrastructure continues to age, Parks, Forestry and Recreation will continue to develop multi-use, state-of-the-art recreation facilities, where appropriate, that would benefit various sports organizations and the residents of the City of Toronto.

The City Manager's Office, Parks, Forestry and Recreation and TOP will also continue to explore funding opportunities for recreational infrastructure with other levels of government and their agencies.

## **CONTACT**

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## **SIGNATURE**

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