

**AGENDA**  
**Council of the City of Lacombe**  
**Monday, March 18, 2019 at 5 PM**  
**in Council Chambers**

	<b>Committee Meeting of Council March 18, 2019</b>	<b>Presenter</b>
	<b>1. CALL TO ORDER</b>	
	<b>2. AGENDA</b>	
	<b>3. INFORMATION</b>	
	<b>4. PRESENTATIONS</b>	
	<b>5. UNFINISHED BUSINESS</b>	
	<u>Community Services</u> <b>MEGlobal Athletic Park Expansion Project 2019-2020</b> (Funding Options)	<i>Dir Juch</i>
	<b>6. NEW BUSINESS</b>	
	<u>Financial Services</u> <b>2020 Budget Timeline</b>	<i>Sr. Mgr de Bresser</i>
	<b>7. IN CAMERA</b>	
	<b>8. ADJOURNMENT</b>	
	<u>Next Meetings:</u>  Monday, March 25, 2019 – Regular Council Meeting Monday, April 1, 2019 – Council Committee Meeting Monday, April 8, 2019 – Regular Council Meeting	

# REPORT TO COMMITTEE



**SUBJECT:** MEGlobal Athletic Park Expansion Project 2019 - 2020  
**PREPARED BY:** Deborah Juch, Director of Community Services  
**PRESENTED BY:** Deborah Juch, Director of Community Services  
**DATE:** March 18, 2019

FILE: 75/711 03

## **PURPOSE:**

To present to the Committee an option for a City of Lacombe capital funding contribution to the Lacombe Athletic Park Association (the Association) for their proposed expansion of the fieldhouse and installation of track and field event infrastructure.

## **RECOMMENDED MOTION(S):**

Presented for information only.

## **RELATED PRIOR MOTION(S):**

1. Identified below.

## **EXECUTIVE SUMMARY:**

The Lacombe Athletic Park Association expansion project aligns with the stated goals of the City's [Strategic Plan](#) and [Recreation & Culture Master Plan](#), but carries a tax rate impact ranging from 0.4% to 0.7%. The tax rate impact can be reduced by external grants (CFEP and ICIP), an existing City Program (the Community Builder Fund), and any donations raised by the Association.

## **ANALYSIS:**

### **1. Background**

- The Lacombe Athletic Park Association previously constructed and developed the current amenities at MEGlobal Athletic Park with support from MEGlobal, local donators, Wolf Creek Public Schools, the City of Lacombe and Lacombe County
- At their October 22, 2018 meeting, Council resolved to support, in principle, the Lacombe Athletic Park Association's Expansion Project
- Lacombe County Council passed two motions similar to the City's at their October 25 and November 8, 2018 meetings
- On November 28, 2018, the Association announced a major donation of 50% of the project costs (\$2M) from MEGlobal, part of which has already been received.
- The Lacombe & District Recreation, Parks & Culture Board on January 29, 2019 recommended Council support the expansion project

# REPORT TO COMMITTEE



- The Association presented a business plan to the Committee on February 4, 2019
- The Association met in a working group with City and County staff in February and March, 2019 to fully explore funding needs and options
- Project timelines:
  - Phase 1 (commencing Sept 2019) is upgrades to the fieldhouse, bathrooms and change rooms;
  - Phase 2 (scheduled for spring 2020) is installation of the track and field infrastructure.

## 2. Service Level Impacts

- The development of additional capacity in the fieldhouse and installation of track and field amenities at the athletic park is a significant increase to the City's recreation service levels
- The service level increase causes a corresponding impact on the annual operating costs of the park, primarily due to the increased needs for capital replacement reserve

## 3. Legislative Implications

- a. Policy: The project would fully meet the Community Builder Fund Policy grant eligibility requirements. Lacombe County's *Capital Support of Recreation and Culture Facilities Policy* stipulates that grants can pay up to 50% of total project costs.
- b. Agreements: The project will require amendments to the current Head Lease and Sub Lease Agreements in place between Wolf Creek Public Schools, the City, and the Association; negotiations for these amendments is already underway

## 4. Organizational Capacity and Business Plans Impacts

- The operational capacity of the City's Parks Department is not anticipated to be largely affected (no additional staff required, supplies costs can be absorbed)
- The City's schedule of Business Plan activities will not be affected; as the Association will project-manage the development and continue to operate the park after expansion.

## 5. Financial Options and Impacts

- Municipal Funding Alternatives

Through two working group meetings held in February and March, 2019, representatives from the Association Board, with City and County administration, analyzed the Association business plan and considered alternative ways to structure the municipal component of the project's funding needs. The two alternatives discussed to reduce cash contributions needed from the City and County were use of the Association's current capital reserve and a loan for the City's share of funding.

The Association's current capital reserve is a mix of donations, rental revenues, and City and County operational grant funds. Use of the capital reserve now would require higher future operational grants to rebuild it, or that the City accept the capital replacement liability into its 10 Year Capital Plan. Any benefit of using this source now would be offset by the increased future costs.

A City loan to the Association was used in the past to manage unexpected shortfalls in funding. This was rejected as an option for this project, since the County would not consider a loan to be a City contribution when calculating its potential matching grant.

## 6. Project Funding

As with previous Association projects, five capital funding sources can be called upon to compile the \$4,500,000 needed for the project. Currently, the Association is sufficiently funded to commence and complete Phase 1 of the project.

1. Corporate sponsorship contributions: MEGlobal has committed \$2,000,000 in new sponsorship funds toward the expansion project: \$1M is paid; \$500,000 will be paid in early 2020; and \$500,000 will be paid in early 2021.
2. Cash donations from Association fundraising: The Association held a fundraiser event on March 2, 2019 and will continue to seek donations from the community.
3. In-kind donations from contractors hired during the project: The Association has a successful track record of obtaining in-kind contributions from project contractors to reduce costs and the financial impact of this source of funding will be ongoing and could reach \$500,000.
4. Federal and provincial grant programs: The Association is preparing applications for \$2.6M in grants through two external government programs: Investing in Canada Infrastructure Program (ICIP) and the Community Facility Enhancement Program (CFEP). Grant funds, if received, will be allocated to the project to reduce the funding required from the City of Lacombe and Lacombe County.
  - ICIP receives and approves applications on an on-going basis and could cost share up to 40% or \$1,600,000; an application response may be received by September, 2019.
  - The CFEP grant application will be submitted by October 1, 2019 and the Association will request \$1,000,000; response is expected April 2020, prior to Phase 2 of the project commencing.
5. Municipal funding from Lacombe County and the City of Lacombe:

# REPORT TO COMMITTEE



- County Contribution: In the past, the value of the County’s contribution was delivered through a combination of cash and in-kind work. The total value of the County’s contribution may match the value of the City of Lacombe’s contribution to the project, but will not exceed it.

Table 1: Potential Funding Source Contributions

Funding Sources	With No External Grants	ICIP Grant Only	CFEP Grant Only	With Partial CFEP & ICIP Grants
MEGlobal Sponsorship	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Other In-Kind & Fundraising	\$500,000	\$500,000	\$500,000	\$500,000
External Gov’t Grants		\$1,600,000	\$1,000,000	\$2,000,000
Potential County Contribution	\$1,000,000	\$450,000	\$750,000	\$0
Potential City Contribution	\$1,000,000	\$450,000	\$750,000	\$0
Total	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000

Recommended City Contribution: The City’s share of costs will be contributed through payment of invoicing associated with the project using City cash reserves, as required after the Association’s other funding sources have been used, to a maximum of \$1,000,000. At the end of the project, the City will borrow to replace reserves used, thereafter incurring annual servicing costs.

City borrowing can be further reduced by the \$150,000 currently in the Community Builder Fund, if it is not otherwise allocated. The City may contribute an additional \$50,000 to the fund in 2020.

- The current 2019-2028 Capital Plan shows the retirement of tax supported debt in 2021 will reduce the City’s annual debt servicing cost by \$87,000. If borrowing was to occur at

# REPORT TO COMMITTEE



the end of 2021, payments would commence in 2022. This option could limit any potential tax increases.

- Both municipalities will need to include their contribution in their 2020 budgets.

Table 2: Potential City Operating Cost Impacts and Associated Tax Increase Commencing in 2021.

City Capital Contribution	\$1,000,000	\$ 450,000	\$ 750,000	\$ 0
Debt Servicing* <b>2021 onward</b>	\$84,410	\$37,985	\$63,308	\$ 0
Insurance Increase paid by City covering the Park	\$ 7,700	\$ 7,700	\$ 7,700	\$ 7,700
Increase to L.A.P.A. Operating Grant <b>2021 onward</b>	\$ 10,000	\$ 11,200	\$ 12,424	\$ 13,672
Total Operating Budget Increase	\$102,110	\$56,885	\$83,432	\$21,372
Tax Impact By %	0.72%	0.40%	0.58%	0.15%

\*ACFA Rates – P&I, 3.106% over 15 years, Semi-Annual Payments

## STRATEGIC PLAN ALIGNMENT:

It should be noted that the proposed strategy is a variance from the City's ['Annual Budget and Taxation Preparation Policy'](#), which states, in section 8 "New Programs and Changes in Service Levels":

*The City will pursue federal, provincial, and private grants but will strictly limit financial support of these programs to avoid commitments which continue beyond funding availability.*

The following Strategic Objectives align favourably with the proposal:

*4.1.2 To Support Positive Relationships with our Neighbours* – municipal capital funding support in collaboration with Lacombe County

*4.1.5 To Seek Alternate Sources of Revenue for the City*- the project is anticipated to diversify athletic park revenue and positively affect the City's overall economy through events, tourism, and increased desirability of the City for families.

*4.2.4 To Attract Major Events to Lacombe* – As above.

*4.3.3 Sustainable Infrastructure* – The proposed project is largely outdoors.

*4.4.2 Welcoming and Inclusive Community – Develop strong connections with Educational Institutions* - The Lacombe Composite High School is a prioritized user of the athletic park and strongly desires the enhanced youth athletic development opportunity resulting from the project.

*4.5.1 Social Support* – Track and field facilities can provide for healthy community social connections through event attendance, team development, and competitive gaming opportunities.

*4.5.5 Future Space Needs - To Have a Clear Vision of Future City Facility Needs* – the expansion is an identified target in the Recreation & Culture Master Plan, as outlined below.

The City's current [Recreation & Culture Master Plan](#) recommends a running track as a mid-level priority amenity for the community, but if the current factors were considered, the project may have been prioritized higher. The first factor is the reduction of the capital costs of the project through a 50% up front donation from a corporate sponsor.

The project meets the [Recreation & Culture Master Plan](#) overall recommendation of promoting partnerships with community groups to optimize use of public funding for recreation and culture services and facilities. A wide-ranging, collaborative pooling of funds will be added to the corporate donation: cash and in-kind donations from the local business community, donations and no-cost project management from an experienced non-profit volunteer organization, local government sharing in capital funding, potential grant program support, plus the value of the volunteer facility operations into the future.

The project will have a positive economic impact to the City of Lacombe, including:

- execution of a \$4.5M construction project within the City will benefit local businesses
- the visitor draw to the City through tournaments and other events (athletes, supporters, spectators)
- the attraction of families to the City and County for access to the youth development offered by first-rate athletic facilities

# REPORT TO COMMITTEE



The following Strategic Objectives are not in alignment with the proposal:

*4.1.4 Fiscal Prudence – To Manage the City to Allow for Property Tax Increases Near Inflation*

## **PUBLIC ENGAGEMENT/COMMUNICATION STRATEGY:**

The project was publicized in late 2018 through media coverage and announcements and has to date been debated in City and County public meetings a total of five times. Additional media coverage will likely occur as funding decisions are made and actions are taken on the project.

## **ALTERNATIVE MOTION(S):**

N/A – Presented for information only.

## **ATTACHMENTS:**

[Lacombe Athletic Park Association Business Plan](#)

# REPORT TO COMMITTEE



**SUBJECT:** 2020 Budget Timeline  
**PREPARED BY:** Justin de Bresser – Senior Manager Financial Services  
**PRESENTED BY:** Justin de Bresser – Senior Manager Financial Services  
**DATE:** March 18 2019

FILE: 13/931

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## **PURPOSE:**

To establish the 2020 Operating and Capital budget timelines

## **RELATED PRIOR MOTION(S):**

1. N/A

## **EXECUTIVE SUMMARY:**

The 2020 budget timeline establishes the process of developing the 3 year operating budget as well as both the annual capital budget and the 10 Year Capital Plan. The plan highlights important milestones, ensures compliance with Municipal Government Act regulations and promotes transparency and citizen engagement.

## **ANALYSIS:**

The budget preparation process for the 2020 budget includes a number of changes that will enhance and help streamline this process. The budget will be prepared to align with the [Annual Budget and Taxation Preparation Policy](#) . This policy was amended and adopted in 2018, and aligns the target tax rate increase to the [Alberta Consumer Price Index \(CPI\)](#) as of July 1<sup>st</sup> of each year.

This year, Administration will prepare the annual capital budget and the 10 Year Capital Plan over the July and August months. This will ease the bottle neck of work in the September and October months when completing a 3 year operating budget. Council will see a presentation on the 10 Year Capital Plan at the September committee meeting.

The community group's presentation has been divided over 2 evenings. The internal groups (Lacombe Police Commission, Mary C. Moore Public Library, FCSS) will be presented on September 23<sup>rd</sup> 2019. External groups, like the Rikubetsu Friendship Society, Lacombe Flying Club and Lacombe Days Committee, will be scheduled on October 7<sup>th</sup> 2019 and will have an allocated 20 minutes.

Another change this year includes a public hearing on the 12<sup>th</sup> of November in place of the budget open house. This will ensure the public can provide any feedback on the proposed

# REPORT TO COMMITTEE



budget before adopting the following week. The target date for budget adoption is November 25<sup>th</sup> 2019.

## **STRATEGIC PLAN ALIGNMENT:**

An advanced budget adoption schedule, including time for public engagement, aligns favourably with Council's Strategic Goals for:

4.1.1 - Open and Accessible Government

4.1.4 – Fiscal Prudence

D) Property tax increases are aligned with the Consumer Price Index

D) Lacombe is a desirable place to live and do business, with an enviable tax rate

## **PUBLIC ENGAGEMENT/COMMUNICATION STRATEGY:**

Similar to last year, Administration is recommending both Music in the Park and the Farmers Market as the public engagement activities. A schedule will be sent for Council to sign up and attend on particular days. Administration will have a booth ready for any event that 2 or more Councillors sign up for. Concurrently, Community Services will also deploy a budget survey. The survey will address Council strategic goal of *"At least 60% of citizens indicate they get excellent or good value for their property taxes"* This survey will be posted on the website along with hard copies for council to hand out at these events.

After the budget workshop sessions in October, Administration will develop a communication package to be posted on our website and promoted via social media. This will ensure enough time for the public to review before the Public Hearing.

## **ATTACHMENTS:**

2020 Budget Planner