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# Gordie Howe Sports Complex Master Plan Interim Financing

## Recommendation

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That the proposed levels of interim financing for the Gordie Howe Sports Complex Master Plan Project, as outlined in this report, be approved;
2. That the interim financing, funded through an internal loan by the City of Saskatoon, be approved;
3. That the appropriate public notice be given;
4. That the City Solicitor's Office be requested to prepare the necessary bylaw; and
5. That the City Solicitor's Office be authorized to prepare the appropriate agreement for the interim financing, and that the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

## Topic and Purpose

The purpose of this report is to present a proposed cash flow and a request for interim financing for the capital project of undertaking the work identified within the Gordie Howe Sports Complex Master Plan. Recognizing that the fundraising program by the Friends of the Bowl Foundation for the Gordie Howe Sports Complex Master Plan will see payments from donors over time, the City of Saskatoon will not expect immediate reimbursement. The City of Saskatoon and the Friends of the Bowl Foundation will track expenses and outstanding donations for the project and confirm that any carrying costs in relation to the recommended interim financing amounts will be accounted for within the total project costs.

## Report Highlights

1. The Friends of the Bowl Foundation (Friends of the Bowl) has again contracted a fundraising consulting firm to undertake the capital fundraising campaign for the Gordie Howe Sports Complex Master Plan (Master Plan) project. The fundraising campaign is well underway.
2. The Friends of the Bowl has begun the work in managing the construction of the almost \$43 million Master Plan project at the Gordie Howe Sports Complex, with a goal to have all construction completed over a two- to three-year time frame.
3. The Friends of the Bowl is requesting up to \$10,000,000 in interim financing to pay construction costs for the Master Plan project work, while the donations and sponsorships are collected over the next five years. The Friends of the Bowl has agreed to repay all financing by end of 2023.

## **Strategic Goals**

Under the Strategic Goal of Asset and Financial Sustainability, this report supports the long-term strategy to increase revenue sources and reduce the reliance on residential property taxes and develop funding strategies for expenses related to new capital expenditures. Within the Strategic Goal of Quality of Life, this report also supports the long-term strategy, to ensure existing and future leisure centres, and other recreational facilities, are accessible physically and financially and meet the community needs.

## **Background**

At its January 29, 2018 meeting, City Council considered a report on the Gordie Howe Sports Complex Master Plan – Project Update and Funding Request, and resolved, in part:

- “2. That Administration report further on the implications to the Recreation and Parks Game Plan Funding Plan of incorporating \$6.0 million of funding towards the Gordie Howe Sports Complex upgrades, including the \$1.0 million already approved;”

At its March 26, 2018 meeting, City Council considered a report on the Recreation and Parks Facilities Game Plan – Funding Plan, and resolved, in part:

“That the funding plan for the Facilities Game Plan, already approved partner-led capital projects of \$11.0 million, as outlined in this report, be approved in principle, for inclusion in the 2019 and future Business Plan and Budget Reviews;”

The Gordie Howe Sports Complex Master Plan is one of the approved partner-led capital projects to receive \$6.0 million in funding, with \$1.0 million in 2018 and \$1.25 million over the next four years (2019 to 2022).

## **Report**

### Update on Fundraising Campaign

To support the Master Plan, the City and Friends of the Bowl acknowledge that Master Plan contributions will be received through installments from various donors. The Master Plan Capital Campaign anticipates receiving all installments within five years. The Friends of the Bowl is responsible for negotiating and concluding an appropriate sponsorship agreement with each donor, tracking the installments, and forwarding those installments to the City as required.

The Master Plan Capital Campaign has confirmed \$22.1 million in contributions, which includes the \$6.0 million from the City and represents just over 50% of the total fundraising required for the project. The fundraising committee is actively pursuing many leads, meeting with potential larger scale donors, and to date, has had several meetings with both provincial and federal governments to formally request funding. The remaining approximately \$20.0 million will be raised through donations, sponsorships, and other gifts in kind.

### Update on Construction Work at the Gordie Howe Sports Complex

Since receiving approval on the Master Plan project, the Friends of the Bowl has been moving ahead on construction of key areas of the Gordie Howe Sports Complex. The Master Plan project work is being completed in phases based on available funding and confirmed contributions. Attachment 1 provides an overview of the cash outflow as it relates to the budgeted construction to be completed by the end of 2018. With the project underway and running parallel to the fundraising efforts, the confirmed capital cash flow projections to the end of 2018 is approximately \$24.55 million.

The construction work represents the components of the Master Plan that needed to get underway in 2018 and are related to the outdoor track/speed skating oval, indoor training centre, required utility improvements to the site, as well as parking lot work to support the amenities under construction. The remainder of the capital construction on other components of the Master Plan represent approximately \$17.5 million in expenditures and are slated for the 2019 construction period and forward. The phasing of this portion of the construction will be set to reflect the confirmation of committed sponsorships and donations.

### Interim Financing

While construction on this project is scheduled to be completed in stages over the next two years, some funds are being pledged over a period of up to five years. This includes the City's grant, which will be paid over five years. As a result, the Friends of the Bowl requires an interim financing arrangement in order to pay for the construction work completed over the next two years. During these two years, the inflow of funds received will not match the outflow of funds required to pay for construction completed. Attachment 2 is a letter from Mr. Bryan Kosteroski, Chair of the Friends of the Bowl, requesting an interim financing arrangement of up to \$10,000,000 from the City. This amount represents less than 25% of the total cost of the project.

The Friends of the Bowl would draw on this interim funding arrangement as required. Attachment 3 is the proposed cash flow related to expenses and contributions received and/or interim financing accessed. Payments to reduce/retire this interim financing arrangement will be made from fundraising cash and pledges as they are received, and payback will not exceed five years, starting in 2019. The Friends of the Bowl acknowledges that the cost of interim financing will be charged to the project, and the financing will be at an interest rate equivalent to the City's calculated cost of borrowing. The payment schedule will vary annually based on the amounts and timing of receiving contributions. At a minimum, payments will be made to the City two times per year.

### **Options to the Recommendation**

City Council could choose not to support the Administration's recommendation to provide up to \$10,000,000 interim financing to the Friends of the Bowl. This would then result in work on the Master Plan being delayed beyond the funds already collected.

### **Public and/or Stakeholder Involvement**

There was no public or stakeholder involvement in the drafting of this report.

### **Communication Plan**

The Administration is maintaining communication with Meewasin Valley Authority and the Holiday Park Community Association as the project proceeds through future design and development stages. Friends of the Bowl has also officially launched the Gordie Howe Sports Complex website, which provides ongoing updates on the Master Plan project.

### **Financial Implications**

The financial implications are outlined within the body of this report, and all carrying costs associated with the interim financing will be covered by the project.

### **Safety/Crime Prevention Through Environmental Design (CPTED)**

The Master Plan has been reviewed by the CPTED committee and as progress continues with the plan will continue to keep the CPTED design requirements as part of all phases of the work.

### **Other Considerations/Implications**

There are no policy, environmental, or privacy implications or considerations.

### **Due Date for Follow-up and/or Project Completion**

Pending approval, the Administration will then undertake to give the appropriate public notice. The City Solicitor's Office will prepare the appropriate bylaw for the internal loan, for the interim financing arrangement and will also prepare the appropriate agreements for execution no later than September 30, 2018.

### **Public Notice**

Public notice is required for consideration of this matter, pursuant to Section 3 of Policy No. C01-021, The Public Notice Policy. Pending Committee approval, the following notice is scheduled to be given prior to the City Council meeting on August 27, 2018:

- advertised in The StarPhoenix on the weekend of August 18, 2018 and August 25, 2018 (see Attachment 3);
- posted on the City Hall Notice Board on August 18, 2018; and
- posted on the City of Saskatoon website on August 18, 2018, 2018.

### **Attachments**

1. Projected Cash Flow Phase V – Capital Construction
2. Letter from Friends of the Bowl -- Master Plan Phase V – Request for Interim Financing
3. Cash Flow Projections – Expenses and Source of Funds

### **Report Approval**

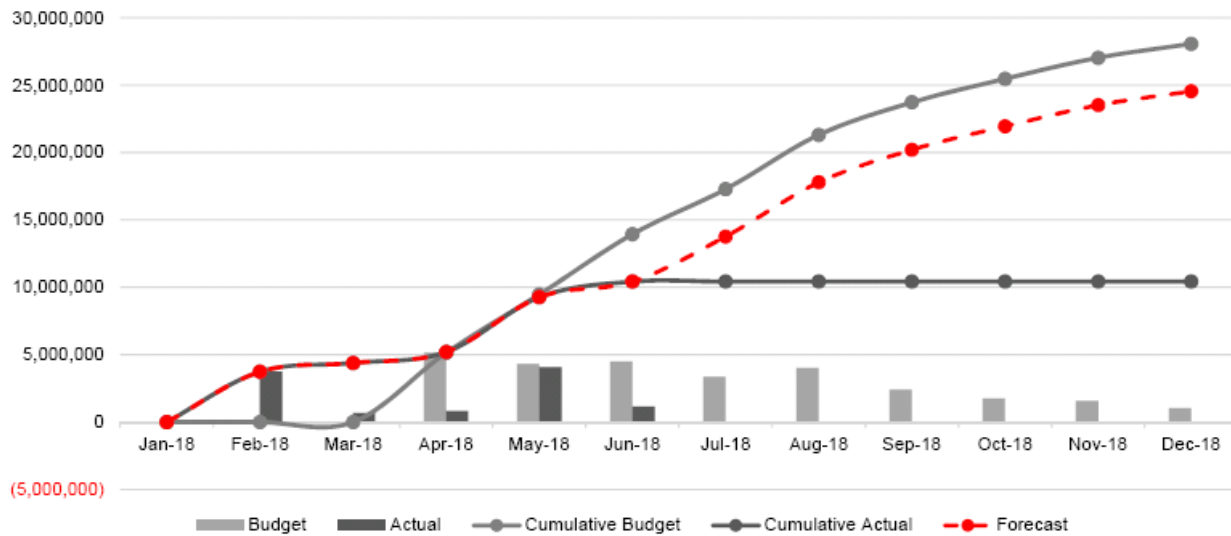
Written by: Lynne Lacroix, Director of Recreation and Community Development  
Reviewed by: Kerry Tarasoff, CFO/General Manager, Asset and Financial Management Department  
Approved by: Randy Grauer, General Manager, Community Services Department

## Projected Cash Flow Phase V Capital Construction



### Projected Cash Flow For Construction

Project Name: Gordie Howe Bowl Phase V



DESCRIPTION	BUDGET	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Phase 5 - A	9,450,595	0	0	0	1,626,865	1,774,762	1,478,968	2,250,128	1,738,313	581,559	0	0	0
Phase 5 - B	13,366,600	0	0	0	2,800,350	800,100	1,200,150	776,256	1,818,631	1,634,262	1,738,701	1,564,955	1,033,195
Phase 5 - C	1,074,060	0	0	0	55,260	294,720	442,080	64,215	121,665	89,850	6,250	0	0
Phase 5 - D	763,560	0	0	0	36,360	363,600	363,600	0	0	0	0	0	0
Phase 5 - E	3,412,200	0	0	0	631,680	1,082,880	992,640	252,500	340,000	112,500	0	0	0
<b>TOTAL</b>	<b>28,067,015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,150,515</b>	<b>4,316,062</b>	<b>4,477,438</b>	<b>3,343,099</b>	<b>4,018,629</b>	<b>2,418,171</b>	<b>1,744,951</b>	<b>1,564,955</b>	<b>1,033,195</b>

DESCRIPTION	ACTUAL	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Phase 5 - A	5,975,161	0	356,581	47,901	563,445	4,504,563	412,671						
Phase 5 - B	3,548,540	0	2,916,030	593,141	235,997	(753,412)	556,785						
Phase 5 - C	152,921	0	0	0	12,652	121,798	18,471						
Phase 5 - D	475,435	0	463,462	11,973	0	0	0						
Phase 5 - E	273,662	0	0	0	0	104,258	169,404						
<b>TOTAL</b>	<b>10,425,719</b>	<b>0</b>	<b>3,736,073</b>	<b>653,014</b>	<b>812,094</b>	<b>4,067,207</b>	<b>1,157,331</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Project Notes:** The above detailed chart represents the cash flow required for 2018 June/ Dec. Budgeted Expenditures of \$28,067,015 for construction expenses as detailed in the original 2017 Global Budget Plan.

Actual required funds to complete the - outdoor track/ speed skating oval; the indoor training centre, parking lot P-E and P-W and the service / utility improvements to site as required to make Phase A and B operational are illustrated in red, as Forecast Totals of \$24,548,719 for actual construction costs in 2018.

The remaining approximately \$17.5 million of expenditures are to be slated for the 2019 construction period and forward.

Facility Chair  
Bob Rohachuk  
Friends of the Bowl Foundation

**Letter from Friends of the Bowl  
Master Plan Phase V  
Request for Interim Financing**



Friday, July 27<sup>th</sup> 2018

Lynne Lacroix  
Director of Recreation & Community Development  
City of Saskatoon  
222 3<sup>rd</sup> Avenue North  
Saskatoon Saskatchewan  
Canada S7K OJ5

Re: Interim Financing: Friends of the Bowl Foundation

Dear Lynne:

The Friends of the Bowl Foundation has once again partnered with the Saskatoon Sports Community to move forward with the Gordie Howe Sports Complex Master Plan Project. The Master Plan Project brings together 7 Sporting Organizations and community members to realize the vision of improving sports facilities in Saskatoon.

Construction on the Master Plan work has already begun and is scheduled to be completed in stages over the next 24 months with some funds raised being pledged over a time period of up to 5 years. As a result of dollars being pledged over a 5 year time period, the Friends of the Bowl Foundation is requesting an interim financing arrangement.

The Friends of the Bowl Foundation Board of Directors along with the Advisory Finance & Construction Committees have provided a detailed project outlay in terms of construction phases & finance requirements over the next 24 months. The request of an interim financing arrangement with the City of Saskatoon of up to \$10,000,000 will be over a maximum time period of 5 years. The Friends of the Bowl would draw on this interim funding arrangement as required. Payments to reduce/retire this interim financing arrangements will be made from fundraising cash and pledges that will be received.

The Friends of the Bowl Foundation Board appreciates both the financial and staff support provided by the City of Saskatoon to date on the Gordie Howe Project., and now the Friends of the Bowl Foundation & its community partners ask for your consideration of this request for interim financing for the Gordie Howe Sports Complex Master Plan Project.

Sincerely

Bryan Kosteroski  
Chairperson  
Friends of the Bowl Foundation  
1624 33<sup>rd</sup> Street West  
Saskatoon Saskatchewan  
Canada S7L OX3

## Cash Flow Projections Expenses and Source of Funds

GHB Phase V - 2018 Cash Flow Chart Rev 2.1

Monthly Progress Period	Monthly Constuction Actual Draws	Monthly Construction Budget	Marketing Fundraising Costs	2018 Project Costs	Funding Source	Date	Amount	Cumulative Total
Feb	\$ 3,736,073			\$ 3,736,073			\$ -	\$ -
March	\$ 653,014			\$ 4,389,087			\$ -	\$ -
April	\$ 812,094		\$ 67,800	\$ 5,268,981			\$ -	\$ -
May	\$ 4,067,207		\$ 67,800	\$ 9,403,988	City/year 1 contribution paid	Jun 01.18	\$ 1,000,000	\$ 1,000,000
June	\$ -	\$ -	\$ 67,800	\$ 9,471,788	Cash donations/plus pledges	Jun 04.18	\$ 5,197,791	\$ 6,197,791
June	\$ 1,157,331	\$ -		\$ 10,629,119	Cash donations/plus pledges	July 01.18	\$ 4,046,175	\$ 10,243,966
July	\$ -	\$ 3,343,099	\$ 67,800	\$ 10,696,919	Cash donations/plus pledges	Aug 01.18	\$ 2,000,000	\$ 12,243,966
August	\$ -	\$ 4,018,629	\$ 67,800	\$ 10,764,719	City/interim financing	Aug 31.18	\$ 6,000,000	\$ 18,243,966
Sept	\$ -	\$ -	\$ 67,800	\$ 10,832,519	Cash donations/plus pledges	Sep 01.18	\$ 1,000,000	\$ 19,243,966
Sept	\$ -	\$ 2,418,171		\$ 10,832,519	Cash donations/plus pledges	Oct 01.18	\$ 1,000,000	\$ 20,243,966
October	\$ -	\$ 1,744,951	\$ 67,800	\$ 10,900,319	Cash donations/plus pledges	Nov 01.18	\$ 1,000,000	\$ 21,243,966
October	\$ -	\$ -		\$ 10,900,319	City/interim financing	Nov 01.18	\$ 1,200,000	\$ 22,443,966
Nov	\$ -	\$ 1,564,955	\$ 67,800	\$ 10,968,119	Cash donations/plus pledges	Dec 01.18	\$ 1,000,000	\$ 23,443,966
Dec	\$ -	\$ 1,033,195	\$ 67,800	\$ 11,035,919	City/interim financing	Dec 01.18	\$ 1,715,000	\$ 25,158,966
<b>TOTAL</b>	<b>\$ 10,425,719</b>	<b>\$ 14,123,000</b>	<b>\$ 610,200</b>	<b>\$ 25,158,919</b>			<b>\$ 25,158,966</b>	

NOTE:                   +                   +                   =

Total Construction Costs for 2018 - \$24.55 million  
plus \$610,000 in marketing and fundraising costs