



REPORT

To: Rural Budgets Administration Committee

Report Number: CS-RBAC-003

From: Trish Morgan, General Manager of Community Services

Date: August 10, 2020

Subject: Kelly Lake Community Centre Renovation Project Funding

RECOMMENDATION:

That the Rural Budgets Administration Committee receive the report titled “Kelly Lake Community Centre Renovation Project Funding – CS-RBAC-003,” which outlines grant and funding options for a facility renovation, for discussion.

BACKGROUND/RATIONALE:

A second intake for the Investing in Canada Infrastructure Program (ICIP) – Rural and Northern Communities (RNC) was announced in June 2020. The RNC fund is focused on improving the quality of life in rural communities by responding to the specific needs of these communities, including projects that enhance environmental quality, or that benefit community, cultural and recreation outcomes. The application intake deadline is October 22, 2020.

Funding for this program is expected to be competitive, and it is anticipated that there will be more projects that qualify for funding than there are program funds available. Projects that are most likely to receive funds provide value for money and are proportionate to the size of the community that will benefit. The applications that were most successful for funding in the 2018 intake requested a grant of approximately \$2.07 million.

The Kelly Lake Community Centre (KLCC) is operated by the Kelly Lake Community Centre Society and is the only public facility in the Kelly Lake Community. The Community Centre was transferred to the Regional District from the Provincial government in November 2010. Funds are requisitioned annually for the operation of the Centre, but the facility (built in 1977) is deteriorating and is in need of upgrades and renovations for continued public occupancy. In anticipation of applying to federal and provincial grant programs, a facility condition assessment and design project were completed in 2019.

Two options for renovation of the facility have been provided by Thinkspace Architecture. The first design (Option A) makes use of the existing footprint of the facility, which is noted as being too small for the anticipated needs of the community. The cost of Option A was estimated (Class D) at \$2.5 million. The second option (Option B) sees an expansion of the centre, specifically the gym and kitchen spaces. The estimated cost (Class D) of Option B is \$3.289 million. Staff engaged the Kelly Lake community on the preferred design option, with results coming back that overwhelmingly support the expansion.

To fund the renovations, the Regional District can apply to the ICIP RNC program in partnership with the Kelly Lake Community Centre Society and if successful may receive between 75-100% to the total project costs. Staff have reached out to the program administrators to determine whether the PRRD as

the applicant and owner, would be eligible for 100% funding given that the Centre supports an indigenous off-reserve community. If not, the PRRD may only be eligible for up to 75% of funding.

In either case, given that the average project funding in 2018 through ICIP RNC was \$2 million, it is recommended that additional funding be provided to ‘top up’ the project budget, which could come from capital reserves for the facility (\$27,721), from the requisition area, or from other sources of funding (NDIT), or internal rural reserves such as Gas Tax.

The Gas Tax Community Works Fund can be used towards eligible costs for recreation and cultural infrastructure, and may be an appropriate source of funding to ‘top up’ the commitment to the project.

Another potential source of funding that could be used for the Kelly Lake Community Centre renovation project is from the Northern Development Initiative Trust (NDIT) under the Economic Diversification Infrastructure. This grant funding can be used to support major infrastructure projects to strengthen the local economy. Eligible projects include the development or improvement of major recreation facilities with a project budget of \$2,000,000 or over that include revenue generating assets or activities. This fund may provide up to \$250,000 to a maximum of 70% of the eligible project budget.

ALTERNATIVE OPTIONS:

1. That the Rural Budgets Administrative Committee approve a grant of \$1,200,000 from Gas Tax towards the Kelly Lake Community Centre renovation project.
2. That the Rural Budgets Administration Committee recommend that the Regional Board authorize an application be submitted to the Northern Development Initiative Trust- Economic Diversification Infrastructure program for the Kelly Lake Community Centre renovation project.
3. That the Rural Budgets Administration Committee provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Partnerships
 - ☒ Collaboration with Local and First Nations governments

FINANCIAL CONSIDERATION(S):

The Kelly Lake Community Centre Design Study, completed in 2019 (attached) provided a class ‘D’ estimate for the renovation of the facility (including soft costs and professional fees). The provided estimate did not include any contingency funds or allocations for the location factor. The Hazardous Materials Assessment will be completed in August 2020. There may be significant cost increases to the project if hazardous materials are found, which is likely given the age of the facility and the construction materials used at that time. The Facility Condition Assessment provided recommendations for future repair, and it is estimated that up to 85% of those repairs would be completed as part of the renovation of the facility.

DRAFT Budget

Construction	\$3,289,000	* includes some professional fees and reserves, Class D est.
Less PRRD Gas Tax	-\$1,200,000	
Total ICIP RNC Grant	\$2,089,000	

Note that the PRRD may also apply to NDIT for up to \$250,000 from the Economic Diversification Infrastructure fund which may also be able to offset costs. Additional costs may be associated with the abatement of hazardous materials. If successful in the NDIT grant, the funds could be used to address this potential issue if found or may reduce the amount of Gas Tax required for the project.

Since 2014, Area D has accessed approximately \$140,000 in Gas Tax for various community projects. There is currently \$5.87 million of uncommitted Gas Tax funds available for allocation.

COMMUNICATIONS CONSIDERATION(S):

None at this time.

OTHER CONSIDERATION(S):

At the June 25, 2020 Committee of the Whole meeting staff brought forward a report to the Board on the considerations related to transferring community recreation facilities to the societies that operate them. The report was referred to the Electoral Area Directors Committee for further discussion.

MOVED, SECONDED, CARRIED

That the Regional Board refer the June 15, 2020 report titled 'Transferring Community Recreation Facilities' to the Electoral Area Directors Committee for further investigation into the initiative; further, that the Committee provide the Regional Board with progressive update reports on the initiative.

In discussing the project with the Director, the short-term goal is to first renovate the facility and then examine whether it could be transferred to the society that operates it. Note that the Regional District obtained this property in 2010 because the Province was unwilling to transfer it to any community organization in Kelly Lake at the time.

Attachments:

1. Attach - Kelly Lake Design Report – February 2, 2020
2. Attach - Transferring Community Recreation Facilities CS-COW-001 Report
3. Attach - Full Community Recreation Facilities Profiles
4. Attach - PRRD Owned Community Halls Presentation