



# REPORT

To: Chair and Directors

Report Number: CS-BRD-023

From: Trish Morgan, General Manager of Community Services

Date: September 23, 2020

**Subject: Kelly Lake Community Centre Infrastructure Grant Applications**

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## **RECOMMENDATION #1: [Corporate Weighted]**

That the Regional Board authorize that a grant application for \$2,800,000 for the Kelly Lake Community Centre Renovation and Expansion Project be submitted to the Investing in Canada Infrastructure Program – Community, Culture and Recreation fund; further

that if the grant application is successful, that authorization to borrow up to \$183,000 from the Municipal Finance Authority be provided, for a maximum term of five years, payments commencing in 2023, with no rights of renewal, be provided, under Section 403 of the *Local Government Act*, for the purpose of renovating the Kelly Lake Community Centre; and further

that the Regional Board commit funding in the amount of \$1,025,000 to be paid from Electoral Area D Fair Share and Peace River Agreement Funds to the Kelly Lake Community Centre Renovation and Expansion Project; and finally,

that the Regional Board accept responsibility for payment of cost overruns for the Kelly Lake Community Centre Renovation and Expansion Project, should any arise, to a maximum of an additional \$550,000, to be paid from short term borrowing (up to \$50,000), Electoral Area D Fair Share and Electoral Area D Peace River Agreement Funds (up to \$500,000) or other grants.

## **RECOMMENDATION #2: [Corporate Weighted]**

That the Regional Board authorize that a grant application for \$2,800,000 for the Kelly Lake Community Centre Renovation and Expansion Project be submitted to the Investing in Canada Infrastructure Program – Rural and Northern Communities fund; further,

that if the grant application is successful, that authorization to borrow up to \$183,000 from the Municipal Finance Authority be provided, for a maximum term of five years, payments commencing in 2023, with no rights of renewal, under Section 403 of the *Local Government Act*, for the purpose of renovating the Kelly Lake Community Centre; and further,

that the Regional Board commit funding in the amount of \$1,025,000 for the Kelly Lake Community Centre Renovation and Expansion Project, to be paid from Electoral Area D Fair Share and Peace River Agreement Funds; and finally,

that the Regional Board accept responsibility for payment of cost overruns for the Kelly Lake Community Centre Renovation and Expansion Project, should any arise, to a maximum of an additional

\$550,000, to be paid from short term borrowing (up to \$50,000), Electoral Area D Fair Share and Electoral Area D Peace River Agreement Funds (up to \$500,000) or other grants.

**RECOMMENDATION #3: [Corporate Unweighted]**

That the Regional Board support the application from the Peace River Regional District to Northern Development Initiative Trust for up to \$300,000 for the Kelly Lake Community Centre Renovation and Expansion Project.

**BACKGROUND/RATIONALE:**

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.

A facility condition assessment and design study were completed in 2019 for the facility in anticipation of applying for a grant to offset the costs of a complete renovation and expansion. While two options for facility renovation were provided through the design process it was revealed through the public engagement process that the community prefers the project that not only renovates the facility, but also increases the size of the kitchen, dining room, entry way, and gymnasium (Option 2). Other features of the facility design include an Elders room overlooking the lake, and a small health room that could be used to access virtual health supports online.

The Kelly Lake Community Centre Renovation and Expansion Project is valued at just over \$4 million, and in order to move forward with the project, three grant funding opportunities have been identified to offset the cost to taxpayers who will contribute to the cost of the renovation through short term borrowing through the service area.

At the Rural Budgets Administration Committee meeting on September 17, 2020 the following resolution was made to allocate Area D funds for the project:

*MOVED, SECONDED and CARRIED*

That the Rural Budgets Administration Committee approve a commitment of \$765,000, payable from Electoral Area D Peace River Agreement Funds, Spending Item #8 Year-Round Recreation Facility Upgrades, to the Kelly Lake Community Centre Renovation Project, and further,

That the Rural Budgets Administration Committee reallocate \$260,000 of the Area D Fair Share commitment of \$927,609.74 for rural gasification to the Kelly Lake Community Centre Renovation Project.

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**Investing in Canada Infrastructure Program - Community, Culture and Recreation Fund & Rural and Northern Communities Fund**

A second intake for the Investing in Canada Infrastructure Program has been issued. As in the past there are two funding streams that community recreation infrastructure projects are eligible to apply to.

The first is the Community, Culture and Recreation Fund of \$100.6 million for infrastructure projects that will support projects that improve citizen's access to and quality of cultural, recreational and community spaces. Applicants must be able to provide 26.7% of the cost of the project while the Province and Federal Governments can provide up to 73.3% of the costs.

The second is the Rural and Northern Communities fund of \$58.7 million for improving the quality of life in rural and northern communities by responding to the specific needs of these communities, including projects that benefit community, cultural and recreation outcomes. In the case of the Kelly Lake project up to 100% of the costs are eligible for funding by the Provincial and Federal Governments.

However, it is important to note that in the first intake for each of the programs, the average grant approved was between \$2.07 million to \$2.5 million. Therefore while applicants can apply for more funds, they have a greater chance of success if the grant requested is closer to these amounts. It is for this reason that the Electoral Area Director has committed funds towards the project. Further it is at the advice of the Ministry of Municipal Affairs and Housing that the Regional District submit a grant application to both funding streams.

The deadline for the Community, Culture and Recreation application is October 1, 2020 and at the consent of the Electoral Area D Director an application has been submitted. If the Regional Board is not in favour, the application can be withdrawn. The deadline for the Rural and Northern Communities application is October 22, 2020 and has not yet been submitted. In accordance with the program guide, Board resolutions of support for the project must be received within 30 days of submission of the application.

**Northern Development Initiative Trust:**

On September 17, 2020 Northern Development Initiative Trust announced new funding programs, one for cultural spaces infrastructure and one for recreational infrastructure, both of which could provide up to \$300,000 towards this project if successful. The application deadline for this grant is October 31, 2020. If successful in receiving the \$300,000, other funding commitments could be reduced accordingly.

**ALTERNATIVE OPTIONS:**

1. That the Regional Board provide further direction.

**STRATEGIC PLAN RELEVANCE:**

- ☒ Organizational Effectiveness
  - ☒ Develop a Corporate Asset Management Program

**FINANCIAL CONSIDERATION(S):**

The total cost of the Kelly Lake Community Centre Renovation and Expansion project is \$4,007,826.77 (Class D estimate), which includes the cost of construction, hazardous materials abatement, professional fees, and contract management. The cost of construction includes contingencies for inflation and location factors.

ICIP-RNC Grant (not confirmed)	\$2,800,000
Area 'D' Fair Share	\$ 260,000
Area 'D' PRA	\$ 765,000
Short Term Borrowing/Community Fundraising (anticipated)	<u>\$ 183,000</u>
	\$4,008,000 (rounded up)

Should the Regional District be successful in receiving \$300,000 from NDIT this could either reduce the funds required from the ICIP grant, reduce the commitment from Fair Share, PRA or Short-Term Borrowing.

**Short Term Borrowing:**

If the ICIP grant is successful and the project commences in the fall of 2021, short-term borrowing of approximately \$183,000 would be required starting in 2023 (see budget). Alternatively if the community does not want to see an increase in their taxes, they can fundraise through the Community Centre Society to reduce this amount.

If \$183,000 is borrowed starting in 2023 the estimated principle payment (based on current rates) would be \$36,566 per year plus approximately \$2,000 per year in interest payments. This would increase taxes by approximately \$20 to \$40 per year based on the assessed value of their property.

**Contingency:**

The recommended contingency for a Class D cost estimate is +/- 50%. The Electoral Area D Director has agreed to reserve up to \$500,000 from Electoral Area D Fair Share and Peace River Agreement Funds if needed due to unforeseen items associated with renovating an older facility. Further an additional \$50,000 from short term borrowing could be utilized if needed and \$608,073 has been included in the construction budget for the project. This means the total contingency is approximately 46% of the cost of construction (\$2,493,961). (note this does not include soft costs, architecture, engineering, etc.)

Budgeted Contingency	\$ 608,073.00
Area D Fair Share & PRA Reserve	\$ 500,000.00
<u>Short Term Borrowing</u>	<u>\$ 50,000.00</u>
	\$ 1,158,073.00

**Operational Costs:**

Note that there is a service function that currently provides ongoing operational costs to the Kelly Lake Community Centre Society who operate the facility. An operational and capital reserve have also been established for the Centre (approximately \$33,000). It is anticipated that if the Centre is renovated, that operational costs may only marginally increase as a result of the increased square footage as there will be a number of energy saving upgrades to the facility.

**Tax Rate Information:**

The maximum limitations for the function is the greater of \$2.80/\$1,000 on improvements only or \$90,000. In 2020 the tax rate for the service was \$0.716 with \$101,900 being requisitioned. If short-term borrowing moves forward starting in 2023 and the operational budget remains the same, this would result in an approximate tax increase to \$0.9907 to requisition approximately \$141,000.

**COMMUNICATIONS CONSIDERATION(S):**

Two rounds of consultation with the community took place in 2019. The first focused on identification of the facility uses, a vision for the centre and current and future community needs. The second was to bring back options to the community on designs for the facility. Between the open house, paper based survey and online surveys, community members expressed a preference for Option 2, which increases the size of the kitchen, dining room, entry way, and gymnasium.

A third round of consultation is underway to gain feedback on the possibility of raising taxes for short term borrowing and the community appetite to fundraise to possibly reduce the borrowing amount. A virtual town hall has been scheduled for Tuesday, October 13 at 3:30 pm.

**OTHER CONSIDERATION(S):**

None

**Attachments:**

1. Project Budget Sheet
2. Thinkspace Architecture – Kelly Lake Community Centre Design Study
3. FCAPX – Facility Condition Assessment