



CITY OF PRINCE ALBERT

AQUATIC & ARENAS RECREATION PROJECT STEERING COMMITTEE REGULAR MEETING

AGENDA

**WEDNESDAY, JANUARY 24, 2024, 4:00 PM
COUNCIL CHAMBER, CITY HALL**

1. CALL TO ORDER

2. APPROVAL OF AGENDA

3. DECLARATION OF CONFLICT OF INTEREST

4. APPROVAL OF MINUTES

- 4.1 January 10, 2024 Aquatic & Arenas Recreation Project Steering Committee Meeting **Page 1**
Minutes for Approval (MIN 24-2)

5. COMMUNICATIONS & DELEGATIONS

6. REPORTS OF ADMINISTRATION & COMMITTEES

- 6.1 Updated Funding Model for Aquatic and Arenas Recreation Centre Project – **Page 6**
January 2024 (RPT 24-2)

Verbal Presentation: Melodie Boulet, Finance Manager

7. UNFINISHED BUSINESS

8. ADJOURNMENT



City of
Prince Albert

MIN 24-2

MOTION:

That the Minutes for the Aquatics & Arenas Recreation Project Steering Committee Public and Incamera Meetings held January 10, 2024, be taken as read and adopted.

ATTACHMENTS:

1. Regular Minutes
2. Incamera Minutes

Written by: Aquatic and Arenas Recreation Project Steering Committee



CITY OF PRINCE ALBERT

AQUATIC & ARENAS RECREATION PROJECT STEERING COMMITTEE REGULAR MEETING

MINUTES

**WEDNESDAY, JANUARY 10, 2024, 4:02 P.M.
COUNCIL CHAMBER, CITY HALL**

PRESENT: Mayor Greg Dionne
Councillor Don Cody
Councillor Blake Edwards
Councillor Dawn Kilmer
Councillor Darren Solomon

Terri Mercier, City Clerk
Sherry Person, City Manager
Nykol Miller, Capital Projects Manager
Jeff Da Silva, Director of Public Works
Kiley Bear, Director of Corporate Services
Jody Boulet, Director of Community Services
Wilna Furstenberg, Communications Manager
Craig Guidinger, Director of Planning and Development Services

1. CALL TO ORDER

Mayor Dionne, Chairperson, called the meeting to order.

2. APPROVAL OF AGENDA

0001. **Moved by:** Kilmer

That the Agenda for this meeting be approved, with the following amendment, and, that the presentations, delegations and speakers listed on the Agenda be heard when called forward by the Chair:

1. That the Aquatic and Arenas Recreation Centre Construction Update Report for December 2023 and Project Budget from AECOM Canada Ltd. be included for consideration with Item No. 5.2.

Absent: Councillors Lennox-Zepp, Head and Ogradnick

CARRIED

3. DECLARATION OF CONFLICT OF INTEREST

4. ADOPTION OF MINUTES

0002. **Moved by:** Cody

That the Minutes for the Aquatic & Arenas Recreation Project Steering Committee Regular Meeting and Incamera Meeting held June 26, 2023, be taken as read and adopted.

Absent: Councillors Lennox-Zepp, Head and Ogradnick

CARRIED

5. CORRESPONDENCE & DELEGATIONS

5.1 Aquatic and Arenas Recreation Centre Construction Update - June, July, August, September and October 2023 (CORR 23-77)

0003. **Moved by:** Solomon

That CORR 23-77 be received as information and filed.

Absent: Councillors Lennox-Zepp, Head and Ogradnick

CARRIED

5.2 Aquatic & Arenas Recreation Centre Construction Monthly Update November 2023 - AECOM Canada Ltd. (CORR 24-2)

5.2.1 Aquatic & Arenas Recreation Centre Construction Monthly Update December 2023 and Project Budget - AECOM Canada Ltd. (CORR 24-7) (PRESENTED AT MEETING)

Verbal Presentation was provided by Trevor Woiden, P. Eng., AECOM Canada Ltd.

0004. **Moved by:** Cody

That CORR 24-2 and CORR 24-7 be received as information and filed.

Absent: Councillors Lennox-Zepp, Head and Ogradnick

CARRIED

6. REPORTS OF ADMINISTRATION & COMMITTEES

6.1 Aquatic and Arenas Recreation Centre Accessibility Features (RPT 23-405)

0005. **Moved by:** Kilmer

That the RPT 23-405 be received as information and filed.

Absent: Councillors Lennox-Zepp, Head and Ogradnick

CARRIED

7. UNFINISHED BUSINESS

8. ADJOURNMENT – 4:44 P.M.

0006. **Moved by:** Kilmer

That this Committee do now adjourn.

Absent: Councillors: Head, Lennox-Zepp and Ogradnick

CARRIED

MAYOR GREG DIONNE CITY CLERK
CHAIRPERSON

MINUTES ADOPTED THIS 24th DAY OF JANUARY, A.D. 2024.



City of Prince Albert

RPT 24-2

TITLE: Updated Funding Model for Aquatic and Arenas Recreation Centre Project – January 2024

DATE: January 9, 2024

TO: Aquatic & Arenas Recreation Project Steering Committee

PUBLIC: X

INCAMERA:

RECOMMENDATION:

That the following be forwarded to City Council for consideration:

1. That the revised Funding Model for the Aquatic and Arenas Recreation Centre Project attached as Schedule “B” to this Report be approved;
2. That Administration proceed with a Request for Proposal for borrowing \$18.0 million to assist with the fluctuation of the City’s cash flow between the project cost payments and the receipt of funding/revenue over the next five (5) years;
3. That a Bylaw to provide for the creation of debt not payable within the current year, be forwarded to City Council for consideration; and,
4. That Administration be authorized to proceed with Public Notice for the Short Term Debt Bylaw.

TOPIC & PURPOSE:

To provide an updated funding model for the Aquatic and Arenas Recreation Centre Project and request borrowing \$18.0 million dollars to assist with the fluctuation of the City’s cash flow between the projects cost payments and the receipt of funding/revenue over the next five (5) years.

BACKGROUND:

On September 21, 2020, Council approved the execution of the Ultimate Recipient Agreement – Investing in Infrastructure Program Funding – New Aquatic and Arenas Recreation Centre as follows:

“That the total eligible expenditure of \$60,000,000 approved for the Project, be funded as follows:

- a. Federal Government’s contribution will not exceed forty percent (40%), which equates to \$24,000,000;*
- b. Provincial Government’s contribution will not exceed thirty-three point thirty-three percent (33.33%), which equates to \$19,998,000; and,*
- c. City of Prince Albert’s contribution will be twenty-six point sixty-seven percent (26.67%), which equates to \$16,002,000.”*

City Council, at its meeting of June 13, 2022, considered reports regarding the funding model for the Aquatic and Arenas Recreation Centre Project, along with the Contract Tender for construction. At that time, the following motions were approved:

Updated Funding for Aquatic and Arenas Recreation Centre – June 2022 (RPT 22-254)

- “1. That Administration proceed with the borrowing of an additional \$30 million dollars in Year 2023 for the construction of the Aquatic and Arenas Recreation Centre;*
- 2. That Administration increase the City’s debt limit to \$120,000,000;*
- 3. That the External Capital Financing in the amount of \$3,997,443.40, be re-allocated to fund the construction costs of the Aquatic and Arenas Recreation Centre; and,*
- 4. That the taxation from the Yard Development fund the remaining costs of the principle and interest payments for the borrowing of the additional funds not funded from the Civic Facilities Levy annually.”*

Aquatic & Arenas Construction Tender Award (RPT 22-255)

- “1. That the Contract of Construction for the Aquatic and Arenas Recreation Centre be awarded to Graham Construction LP in the amount of \$105,268,000, plus applicable Goods and Services Tax and Provincial Sales Tax;*
- 2. That the Alternate Price #11 – Revised Foundation Design Load Factor 0.6, for a credit of \$556,000 and Separate Price #1 – Two Pile Load Testing, for a cost of \$110,000, and a total credit of \$457,000, be approved;*
- 3. That a Value Engineering Change Order #1 for 49 Value Engineering Items for a total estimated credit of \$6,672,900, be approved;*

4. *That an overall project budget including: management, design, fit-up, furnishings, construction, contingencies, and applicable taxes at \$113,888,950, be approved;*
5. *That the cost of the project be covered, as detailed in RPT 22-253 – Updated Funding for Aquatic and Arenas Recreation Centre – June 2022; and,*
6. *That the Mayor and City Clerk be authorized to execute the Contract and any other applicable documents on behalf of The City, once prepared.”*

The City Manager and Mayor held meetings with Representatives of the Investing in Infrastructure Program Funding to negotiate additional funding from the Federal and Provincial Government relative to the inflated construction costs for the Project. After several discussions, it was communicated to the City that **no additional funding** under the Investing in Infrastructure Program would be provided to the City for the escalated construction costs of the Aquatic and Arenas Recreation Centre.

PROPOSED APPROACH AND RATIONALE:

The original Funding Model for the Aquatics and Arenas Recreation Centre Project was based on a number of assumptions. These assumptions are noted below. The assumptions that have changed are discussed in detail subsequently, and are as follows:

1. Awarded Contract for Construction to Graham Construction in the amount of \$104,811,000 and PST amount of \$6,288,660 (6% of total construction tender).
 - a. The contract has remained unchanged, however the PST amount was based on the contract amount (\$104,811,000) less the assumed Value Engineering Items (\$6,672,900). The PST amount has been adjusted to be based on the contract amount only which increases the PST cost from \$5,888,286 to \$6,288,660.
2. Updated Value Engineering Items for savings as per increased inflation and construction costs in the amount of \$5,189,408.
 - a. Original assumption per RPT 22-255 noted Value Engineering Items for savings totalling \$6,672,900.
3. Updated Contingency to 3% based on awarded construction tender to the amount of \$3,144,330.
 - a. Original contingency assumption totalled \$1,962,762 and was based on 2% of the awarded construction tender less the Value Engineering Items.
4. Project Management Services for the new Aquatic and Arenas Recreation Centre awarded to AECOM Canada Ltd. In the approved amount of \$398,578, plus applicable Goods and Services Tax.
 - a. Assumption has not changed.

5. Increase in Professional Architectural Agreement for the Detailed Design of the new Aquatic and Arenas Recreation Centre awarded to Group 2 Architecture Interior Design Ltd. in partnership with MJMA Architects for an estimated cost of \$5,088,389, excluding taxes, as per awarded Contract for Tender and construction costs.
 - a. Original assumption included \$4,906,796 for this cost.
6. Approved DCG Philanthropic Service Inc.'s Capital Campaign for the delivery of the campaign strategy with respect to engaging donors, building project profile, producing volunteer training materials, overseeing and developing marketing communications and public relations materials, regular reporting to City, writing proposals and holding donor meetings, at an estimated cost of \$648,900 plus applicable taxes.
 - a. Original assumption included this budget within the estimated fundraising amount as a "net" cost.
7. DCG Philanthropic budget of \$150,000 related to the Fundraising Campaign.
 - a. Original assumption included this budget within the estimated fundraising amount as a "net" cost.
8. DonorPerfect Software cost for the Fundraising Campaign, totalling approximately \$13,190.
 - a. Original assumption included this budget within the estimated fundraising amount as a "net" cost.
9. 5 Year projection of the \$20.0 million fundraising for the Aquatic and Arenas Recreation Centre Project. For the five year projection, 30% of the total fundraising to be collected in year one (\$6.0 million in Year 2024), with the remainder divided equally amount the remaining four years (\$3.5 million each year).
 - a. Original assumption was an unknown and included all this \$20 million to be received in 2024.
10. Annual interest and principle payments for the total debt financing borrowed (\$16.0 + \$30.0 = \$46.0 million). The payment amounts of \$794,351 for \$16.0 million and \$1,695,700 for \$30.0 million.
 - a. The original payment on the \$30.0 million loan was projected as \$1,489,408 however interest rates had increased once the final loan was approved.
11. Anticipated Development Levy revenue to be generated from The Yard District as per the Subdivision Development Addendum Agreement with Signature Development Corp.
 - a. This funding was unknown and had not been included in the original model.

12. Anticipated Building Permit revenue and applicable Taxation revenue to be generated from The Yard District as estimated in the Funding Model based on projections of expected development.
 - a. The original funding amounts included in the model have increased annually as projections based on future development have become more available.
13. Loan payments for the borrowing of an additional \$18.0 million based on a five (5) year term and interest rates provided as of December 14, 2023.
14. Equipment Fit up Budget of \$2,500,000 – this assumption has remained unchanged.

Recreation Centre Reserve

During the 2024 Budget Deliberations the following motion was approved:

- “1. That a Recreation Centre Reserve be established for the funding of the Prince Albert Recreation Centre Project;*
- 2. That City Council Resolution No. 0287 dated September 5, 2023, to allocate The Yard District Development Levies to the Civic Facilities Reserve, be rescinded;*
- 3. That the Recreation Centre Reserve be credited with the following:*
 - a. Annual revenue collected from the Civic Facilities Levy;*
 - b. Building Permit revenue generated annually from The Yard District;*
 - c. Applicable Taxation revenue generated annually from The Yard District;*
 - d. Development Levy revenue generated annually from The Yard District;*
and
 - e. All Fundraising revenue collected for the Prince Albert Recreation Centre Project.*
- 4. That the amount of \$47,147.09 credited to the Civic Facilities Reserve in 2022 from the Building Permit and Taxation Revenue of The Yard District be transferred to the Recreation Centre Reserve;*
- 5. That the Recreation Centre Reserve fund the annual debt financing payments for the borrowing related to the Aquatic and Arenas Recreation Centre; and,*
- 6. That all approved capital expenditures relating to the Prince Albert Recreation Centre be funded from the Recreation Centre Reserve.”*

The 2024 General Fund Budget includes the debt financing payments to be funded from the Recreation Centre Reserve, resulting in a nil impact to the 2024 Budget.

Awarded Construction Tender

A report was forwarded to the June 13, 2022 City Council meeting regarding the Aquatic and Arenas Construction Tender Award.

The motion approved by Council included that the Contract of Construction for the Aquatic and Arenas Recreation Centre be awarded to Graham Construction LP in the amount of \$105,268,000, plus applicable Goods and Services Tax and Provincial Sales Tax; less the credit of \$457,000, excluding GST and PST.

The Contract Agreement executed by the City of Prince Albert with Graham Construction and Engineering LP is as follows with GST and PST:

Contract for Construction	\$105,268,000
Credit approved by Council	(\$457,000)
Total Contract for Construction - Graham	\$104,811,000
GST - 5%	\$5,240,550
PST - 6%	\$6,288,660
Total Taxes	\$11,529,210
Total Contract Agreement - Graham	\$116,340,210
Contract Cost minus GST	\$111,099,660

The Funding Model includes the Contract for Construction and PST as the GST is rebatable to the City. This contract has remained unchanged since the original signing, however the PST number has been updated accordingly. The original model calculated PST at \$5,977,223 based on RPT 22-255 which removed the Value Engineering Savings from the cost.

Value Engineering Savings

The Report for the Aquatic and Arenas Construction Tender Award included 49 value engineering items for a total estimated cost savings of \$6,672,900. That projected estimate was included in the approved Council motion of June 13, 2022.

Since the original approval, the anticipated cost savings from the 49 value engineering items has been reduced to \$5,189,408.

That is a reduction in savings of \$1,483,492 from the 2022 projected estimate because of inflation and increased construction costs.

The estimated costs savings of \$5,189,408 has been updated in the Funding Model for the Aquatic and Arenas Recreation Centre Project.

Contingency

The budget approved by City Council in June of 2022 based on the award of the construction tender included a 2% contingency as follows:

2% Contingency	
Contract for Construction	\$105,268,000
Credit approved by Council	(\$457,000)
2022 Estimate for Value Engineering Items	(\$6,672,900)
Total	\$98,138,100
2% Contingency	\$1,962,762

The contingency should not have factored the value engineering items as those were estimated savings and not the actual awarded contract amount. The 2% contingency should have been reflected as \$2,096,220.

Estimate Contingency can be defined as: amount of funds included in an estimate to purchase additional materials, labor, equipment and escalation for the scope provided, due to:

- Uncertainties that are inherent in the estimating process
- Minor errors and omission that occur when the estimate is put together

Estimate Contingency is not intended to cover major changes in scope.

On most projects of this scale, a construction contingency is 5 - 10% of the construction cost.

After a year of construction and a review of costs to date, the proposed Funding Model is increasing the contingency to 3% which better reflects an accurate assumption of the contingency that will be utilized for the project.

Contingency - 3%	
Total Construction Tender	\$104,811,000
3% of Tender	\$3,144,330

The updated Funding Model for the Aquatic and Arenas Recreation Centre Project is as follows based on the awarded Construction Contract with Graham Construction, Value Engineering Savings and increased 3% Contingency:

Design & Fit-up Costs	
Project Management Fees	\$398,578
Architectural Fees (based on \$104M)	\$5,088,389
Equipment Fit-up & Furniture	\$2,500,000
Sundries and PST costs	\$104,621
	\$8,091,588
Construction Costs	
Aquatic & Arenas Building	\$105,268,000
Alternate & Separate Pricing	(\$457,000)
	\$104,811,000
PST and Contingency	
Estimated Contingency - 3%	\$3,144,330
PST on Construction Costs	\$6,288,660
Value Engineering Savings	(\$5,189,408)
	\$4,243,582
TOTAL	\$117,146,170

The Sundries and PST expensed in the attached Funding Model is broken down by:

Project Management – PST (2020-2023)	\$1,272
Architectural Fees – PST (2020-2022)	\$65,164
Climate Lens Assessment	\$24,905
Sundries (signage, etc.)	\$13,280
Total Expensed	\$104,621

Fundraising Campaign

Council has approved DCG Philanthropic Service Inc.'s Capital Campaign for the delivery of the campaign strategy with respect to engaging donors, building project profile, producing volunteer training materials, overseeing and developing marketing communications and public relations materials, regular reporting to City, writing proposals and holding donor meetings, at an estimated cost of \$648,900 plus applicable taxes. Any additional costs for the Fundraising Campaign exceeding the approved budget of \$648,900 will need to be approved by City Council.

The executed Agreement includes payment of a Monthly Project Cost of \$35,000 plus an Administration Fee of \$1,050 for a total of \$36,050 plus GST per month.

The Updated Funding Model for the Fundraising Campaign now includes those fee as follows:

Total Approved Fundraising Campaign	\$648,900
Year 2023 - 10 Months (\$36,050 per month)	\$360,500
Year 2024 Remaining Budget - 8 months	\$288,400

DCG Fundraising Campaign Budget

The Updated Funding Model now includes the following fundraising campaign budget for DCG:

Creative Services	Donated
Printing	\$6,000
Advertising (General Awareness & Donor Thank You)	\$60,000
Website	\$4,000
General Office	\$5,000
Events & Meetings	\$25,000
Donor Recognition	\$50,000
Proposed Budget for Fundraising Campaign	\$150,000

Donor Perfect Software for Fundraising Campaign

The City will be undertaking a Fundraising Campaign for the new Prince Albert Recreation Centre. In consultations with DCG, they have used DonorPerfect with other Fundraising Campaigns with success.

The City currently does not have a Fundraising Program to keep track of donations. The solution needs to track fundraising activities (donations, pledges) and issue receipts. The City’s Fundraising Consultant DCG Philanthropic Services Inc. has recommended software called ‘DonorPerfect’ that is used by multiple municipalities such as the City of Saskatoon and City of Humboldt for their fundraising campaigns

The benefit of this Program is the ability to create a workflow, track pledges over a period of time, print donation receipts, and streamline work. This software will save considerable staff time in Financial Services and will also provide the transparency and efficient resource for the Fundraising Campaign of this magnitude.

The funding model now includes the one-time amount of \$1,245 for customized virtual training in Year 2023 and annual cost of \$1,990 for the subscription fee.

Fundraising Revenue

DCG Philanthropic is estimating a five (5) year time frame to receive fundraising dollars in the amount of \$20.0 million.

For the five year projection, 30% of the total fundraising is estimated to be collected in year one (\$6.0 million in Year 2024), with the remainder divided equally amount the remaining four years (\$3.5 million each year).

The Updated Funding Model includes the following fundraising revenue:

Fundraising	\$20,000,000
Year 2024 - 30%	\$6,000,000
Year 2025	\$3,500,000
Year 2026	\$3,500,000
Year 2027	\$3,500,000
Year 2028	\$3,500,000
	\$20,000,000

The original Funding Model had included 100% of this \$20.0 million to be received in Year 2024. However, with only \$6.0 million to be received in Year 2024, there would be a cash flow shortage, as the remaining construction costs will be due for payment in Year 2024. Additional cash flow is required in order to bridge this gap in 2024.

Borrowing of \$30.0 million

City Council, at its meeting on March 27, 2023, awarded Request for Proposal No. 9 of 2023 to the Municipal Financing Corporation of Saskatchewan to be payable over thirty-five (35) years in the amount of \$30,000,000 for the construction of the Aquatic and Arenas Recreation Centre.

City Administration has received the Debenture and the interest rate will be fixed for 35 years at the rate of 4.40%. The annual interest and principal payment will **be \$1,695,689.30 annually.**

The original funding model included payments of \$1,489,408 for this loan. The change occurred as interest rates change daily – the interest rates quoted for the funding model calculation had changed by the time City Council was able to approve the lending.

Development Levy – Yard District

On November 6, 2023, City Council approved the Development Levy Agreement between the City and Signature Development for the area known as the “Yard District”.

The Development Levy Agreement reflects a two phased approach for the payment of development levies by Signature Development as follows:

Year	Phase 2	Phase 3	Total/Year
Year 2023	\$360,362		\$360,362
Year 2024	\$360,362	\$320,485	\$680,847
Year 2025	\$360,362	\$320,485	\$680,847
Year 2026	\$360,362	\$320,485	\$680,847
Year 2027	\$360,362	\$320,485	\$680,847
Year 2028		\$320,485	\$320,485
	\$1,801,809	\$1,602,427	\$3,404,236

At the September 5, 2023 City Council Meeting, Council approved the increase for the Design Budget for the new Event Centre in the amount of \$700,000 to be funded from development levies generated in the Yard District. As such, Year 2023 in the amount of \$360,362 and Year 2024 in the amount of \$360,362 will fund the increased Design Budget for the new Event Centre.

The Development Levies remaining in the total amount of \$2,683,511 is allocated in the funding model for the Years 2024 to 2028 as illustrated above.

Request for Proposal – \$18 M Short-Term Borrowing

Administration will proceed with a Request for Proposal to request Proposals from qualified financial institutions to provide the City with financing options to meet our borrowing requirement of \$18.0 million dollars for the Aquatic and Arenas Recreation Centre Project.

The preference is a loan over the term of five years.

Below is an outline of the proposed Request for Proposal (RFP) milestones:

RFP Release Date: Tuesday, January 30, 2024.

RFP Closing Date: Tuesday, February 27, 2024.

Approval by City Council: Monday, March 25, 2024.

Intention to Award Proposal: Tuesday, March 26, 2024.

A report will be forwarded for the March 25, 2024 City Council Meeting to consider awarding the Request for Proposal for the borrowing of \$18.0 million.

Short Term Debt Bylaw

The Short Term Debt Bylaw is to provide for the creation of debt not payable within the current year and is scheduled to be forwarded to the March 25, 2024 City Council meeting for consideration of 3 readings. The Bylaw is required to be updated to reflect the \$18.0 million borrowing, as provided in Section 134 of The Cities Act. The Short Term Debt Bylaw for consideration at the March 25, 2024 City Council meeting will include a range for approval of interest rates based on the award of the Request for Proposal.

Costs Year to Date (Jan 9/24)

The costs spent year to date as of January 9, 2024 is as follows:

<u>Year 2020 Costs</u>	
Project Management	\$11,761
Climate Lens Assessment Report	\$24,905
Architectural Services	\$744,353
PST - Project Manager + Architect	\$13,398
Total 2020 Costs	\$794,417
<u>Year 2021 Costs</u>	
Project Management	\$55,685
Architectural Services	\$1,596,290
PA Markit Signs	\$816
PST - Project Manager + Architect	\$29,348
Total 2021 Costs	\$1,682,140
<u>Year 2022 Costs to Date</u>	
Project Management	\$87,836
Architectural Services	\$1,575,972
PA Markit Signs & Other Misc.	\$7,463
Construction	\$11,872,509
Construction - PST	\$712,351
PST - Project Manager + Architect	\$23,678
Total 2022 Costs	\$14,279,809
<u>Year 2023 Costs to Date</u>	
Project Management	\$72,314
Architectural Services	\$429,891
Other Misc.	\$240
Construction	\$52,193,217
Construction - PST	\$3,131,593
PST - Project Manager + Architect	\$11
Total 2023 Costs	\$55,827,265
TOTAL COSTS YTD (Jan 9/24)	\$72,583,631

**** amounts above include PST**

In 2020, the amount of \$24,905 was paid for a Climate Lens Assessment Report. That document was required for the approval of the Ultimate Recipient Agreement. There have been minimal costs paid year to date for signage and other small miscellaneous costs.

Civic Facilities Levy

It is budgeted that the Civic Facilities Levy to be collected will provide approximately \$1,550,000 of revenue for Year 2023.

The annual interest and principle payment for the borrowing of \$16.0 million is \$794,351 annually and the annual interest and principle payment for the borrowing of \$30.0 million is \$1,695,700 annually for a total of \$2,490,051 annually.

As shown in the updated Funding Model, it is anticipated that annual taxation revenue to be generated from the Yard Development will fund the remaining amount for loan payments:

Civic Facilities Levy	(\$1,550,000)
\$16.0 million Loan	\$794,351
\$30.0 million Loan	\$1,695,700
To be Funded from Taxation in Yard District	\$940,051

This will eliminate any tax increase to the residents of Prince Albert.

Funding Model

This report illustrates there is no tax increase for the updated funding required for the Aquatic and Arenas Recreation Centre Project. The increased inflationary costs are outside the control of the City. This funding model ensures that construction costs of the Aquatic and Arenas Recreation Centre are funded.

The expenses are broken down by:

- Architectural Fees and Project Management Fees;
- Construction Fees as per Tender plus applicable 6% PST;
- Equipment Fit Up & Furniture;
- 3% Contingency; and,
- Signage and other small miscellaneous costs.

The funding for the expenses are itemized as follows:

- Annual Civic Facilities Levy Funding;

- Federal Government Contribution of \$24,000,000 as per the Ultimate Recipient Agreement;
- Provincial Government Contribution of \$19,998,000 as per Ultimate Recipient Agreement;
- Financing Loan in the amount of \$16,002,000 as per Ultimate Recipient Agreement;
- New Financing Loans in the amount of \$30,000,000 and \$18,000,000;
- External Funding and Fundraising Revenue;
- Yard Development – estimated taxation revenue;
- Building Permit Revenue; and,
- Development Levy Revenue.

The annual interest and principle payments for the Financing Loans are included in the funding model.

The external funding is comprised of the following revenue:

External Funding

- Fundraising revenue in the amount of \$20,000,000 over five years.
- Approved External Capital Financing in the amount of \$3,997,443.40, re-allocated to fund the construction costs of the Aquatic and Arenas Recreation Centre. This relates to the Canada Community-Building Fund Program that allocated the remaining funds from the Municipal Gas Tax Fund Agreement Program **to the end of the term March 30, 2024** to the Raw Water Pump House (RWPH) Project and the Marquis Road West Extension – Roadway Construction.

CONSULTATIONS:

Financial Administration has consulted with the City Manager and Senior Administration regarding the proposed funding model for the Aquatic and Arenas Recreation Centre Project.

Administration also consulted with the City Clerk regarding the Public Notice and Long Term Debt Bylaw.

COMMUNICATION AND/OR ANNOUNCEMENT PLAN:

Communications will continue working on the Communication Plan to inform residents of the Funding Model for the construction of the Aquatic and Arenas Recreation Centre Project.

As per Section 4 of the Public Notice Bylaw No. 24 of 2015, Public Notice in accordance with this Part shall be given before Council initially considers the following matters:

- borrowing money, lending money or guaranteeing the repayment of a loan.

Public Notice must be given in the following manners at least seven (7) days prior to the Council meeting at which the matter will be considered;

- published in a local newspaper;
- posted on the City Hall bulletin board; and,
- posted on the City's website.

Public Notice will be posted on Monday, March 11, 2024. That will allow the sufficient seven (7) days of Public Notice.

FINANCIAL IMPLICATIONS:

The spending year to date as of **January 9, 2024** is as follows:

	Approved Budget	Spending ending Jan 9/24	% Completed	Remaining Budget
Project Management Fees	\$398,578	\$227,596	57.10%	\$170,982
Architectural Fees	\$5,088,389	\$4,346,506	85.42%	\$741,883
Construction Costs	\$104,811,000	\$64,065,726	61.13%	\$40,745,274
Construction - PST	\$6,288,660	\$3,843,945	61.13%	\$2,444,716
Value Engineering Savings	(\$5,189,408)	\$0	0.00%	(\$5,189,408)
Equipment Fit Up	\$2,500,000	\$0	0.00%	\$2,500,000
Contingency	\$3,144,330	\$0	0.00%	\$3,144,330
Signage & Other (Sundries and PST - Report)	\$104,621	\$99,859	95.45%	\$4,761
TOTAL	\$117,146,170	\$72,583,631	61.96%	\$44,562,539

Borrowing for Cash Flow

As shown in Appendix “A”, the final construction costs in Year 2024 will exceed the cash available to fund the costs by approximately \$17,367,406. This is primarily due to original inaccurate reporting of architectural design costs, contingency and pst calculations, along with the requirement to reallocate the collection of fundraising dollars over five years and not all in 2024.

As the City requires cash to pay the construction invoices, this report is recommending a five (5) year term borrowing to fund the cash in Year 2024.

Administration has reached out to the City’s current lenders in order to receive updated financing rates. The following has been provided to Finance Administration as of December 14, 2023:

- Indicative rates:
 5 Years – 4.05%
 10 Years – 4.35%
 25 Years – 4.45%
 35 Years – 4.35%

The following are projected loan payments for borrowing of **\$18,000,000**:

Term	Interest Rate	Annual Payment	Interest to be Paid
5 Years	4.05%	\$4,048,970	\$2,244,845
10 Years	4.35%	\$2,258,072	\$4,580,723
Variance - Loans		\$1,790,898	(\$2,335,878)

As shown above, there is a difference in payments of \$1,790,898 annually for a 5 year loan versus a 10 year loan, due to the accelerated re-payment term with a 5 year loan. However the main item to note is the difference in interest as a 10 year term will incur \$2,335,878 in additional interest versus a 5 year loan.

If the City proceeds with additional borrowing of \$18.0 million in Year 2024 to fund the final construction costs, the fundraising and taxation generated from the Yard District will need to fund the annual loan payments as provided in the updated Funding Model.

Other funds that may provide additional funding includes:

- Additional building permit revenue;
- Development levy revenue based on development;
- Revenue from the Canada Community Building Program (former gas tax funding); and
- Taxation from the Yard District.

The proposed five (5) year term loan based on borrowing of \$18.0 million is as follows:

Amortization Schedule	Loan			Remaining Balance
	Payment	Principle	Interest	
Year 2025	\$4,048,969	\$3,319,969	\$729,000	\$14,680,031
Year 2026	\$4,048,969	\$3,454,428	\$594,541	\$11,225,603
Year 2027	\$4,048,969	\$3,594,332	\$454,637	\$7,631,271
Year 2028	\$4,048,969	\$3,739,903	\$309,066	\$3,891,369
Year 2029	\$4,048,969	\$3,891,369	\$157,600	\$0
	\$20,244,845	\$18,000,000	\$2,244,845	

City's Debt Limit

As approved by City Council, Administration submitted an Application to the Saskatchewan Municipal Board to increase the City's Debt Limit from \$75.0 million to \$120.0 million, in recognition of the additional borrowing of \$30.0 million for the Aquatic and Arenas Recreation Centre.

On November 7, 2022, the City received approval from the Saskatchewan Municipal Board that the City's Debt Limit had been increased to \$120.0 million.

The City has a debt limit of \$120 million dollars approved by the Saskatchewan Municipal Board. The accessible debt limit available after consideration of the existing long term debt and line of credit is estimated to be \$22.4 million.

Debt Limit	\$	120.0 M
Line of Credit	\$	(12.0) M
Loan Balance December 31, 2023	\$	<u>(85.6) M</u>
Accessible Funds	\$	<u>22.4 M</u>

The borrowing of an additional \$18.0 million is available within the City's current Debt Limit as shown above.

OTHER CONSIDERATIONS/IMPLICATIONS:

There are no policy, privacy, or official community plan implications at this time.

PUBLIC NOTICE:

As outlined above, Public Notice is required for consideration of this matter, pursuant to Section 4 (c) of Public Notice Bylaw No. 24 of 2015.

STRATEGIC PLAN:

Economic Growth – Enhanced growth in the City with the construction of the Aquatic and Arenas Recreation Centre.

Cultural and Community Events – New Aquatic and Arenas Recreation Centre will provide opportunities for the hosting of various events in the City.

PRESENTATION: Presentation by Melodie Boulet, Finance Manager

ATTACHMENTS:

1. Appendix “A”: Funding Model for the Construction of the Aquatic and Arenas Recreation Centre.
2. Appendix “B”: Funding Model for the Construction of the Aquatic and Arenas Recreation Centre with additional Five (5) Year Term borrowing in Year 2024.
3. Budget received from DCG Philanthropic Services Inc.

Written by: Melodie Boulet, Finance Manager

Approved by: Senior Accounting Manager, Director of Financial Services and City Manager

Updated: January 9, 2024		Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	TOTAL
COSTS FOR RECREATION PROJECT									
Project Management Fees		\$11,761	\$55,685	\$87,836	\$72,314	\$170,982			\$398,578
Project Management Fees - PST			\$615	\$646	\$11				\$1,272
Architectural Design - Consultant Fees		\$744,353	\$1,596,290	\$1,575,972	\$429,891	\$741,883			\$5,088,389
Architectural Design - PST		\$13,398	\$28,733	\$23,032					\$65,164
Construction - Tender				\$11,872,509	\$52,193,217	\$40,745,274			\$104,811,000
PST at 6%				\$712,351	\$3,131,593	\$2,444,716			\$6,288,660
Value Engineering Items (Savings)						(\$5,189,408)			(\$5,189,408)
Climate Lens Assessment & Sundries		\$24,905	\$816	\$7,464	\$240	\$4,761			\$38,186
Equipment Fit Up & Furniture						\$2,500,000			\$2,500,000
Contingency - 3%						\$3,144,330			\$3,144,330
TOTAL FEES		\$794,417	\$1,682,140	\$14,279,809	\$55,827,265	\$44,562,539	\$0	\$0	\$117,146,170
FUNDING FOR RECREATING PROJECT									
Civic Facilities Reserve		(\$211,871)							(\$211,871)
Recreation Centre Reserve					(\$794,351)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$5,444,351)
40% Federal Government		(\$317,767)	(\$672,856)	(\$5,208,514)	(\$17,800,863)				(\$24,000,000)
33.33% Provincial Government		(\$264,779)	(\$560,656)	(\$4,339,995)	(\$14,832,570)				(\$19,998,000)
26.67% City Funding - \$16.0 million			(\$448,628)	(\$4,731,299)	(\$10,822,073)				(\$16,002,000)
Debt Financing					(\$30,000,000)				(\$30,000,000)
Reallocated Funding						(\$3,997,443)			(\$3,997,443)
Fundraising Revenue						(\$6,000,000)	(\$3,500,000)	(\$3,500,000)	(\$13,000,000)
Development Levies - Yard District						(\$320,485)	(\$680,847)	(\$680,847)	(\$1,682,179)
Interest and Loan Payments									
Loan Payment - \$16.0 million					\$794,351	\$794,351	\$794,351	\$794,351	\$3,177,405
Loan Payment - \$30.0 million						\$1,695,700	\$1,695,700	\$1,695,700	\$5,087,100
Building Permit Revenue				(\$13,006)	(\$75,000)	(\$300,000)			(\$388,006)
Yard Development - Anticipated Taxation				(\$30,141)	(\$85,000)	(\$440,000)	(\$975,000)	(\$1,490,000)	(\$3,020,141)
DCG Fundraising Campaign					\$360,500	\$288,400			\$648,900
DCG Fundraising - Budget						\$100,000	\$50,000		\$150,000
DonorPerfect - Fundraising Software					\$3,240	\$1,990	\$1,990	\$1,990	\$9,210
TOTAL FUNDING		(\$794,417)	(\$1,682,140)	(\$14,322,955)	(\$73,251,766)	(\$9,727,487)	(\$4,163,806)	(\$4,728,806)	(\$108,671,376)
VARIANCE		\$0	(\$0)	(\$43,146)	(\$17,467,646)	\$17,367,406	\$13,203,600	\$8,474,795	\$8,474,795

Ultimate Recipient Agreement

Loan Payments:

Capital Projects Levy	(\$1,550,000)	
\$16.0 million Loan	\$794,351	
\$30.0 million Loan	\$1,695,700	
To be Funded from Taxation	\$940,051	annually
Taxation from Yard District		

Fundraising	\$20,000,000
Year 2024 - 30%	\$6,000,000
Year 2025	\$3,500,000
Year 2026	\$3,500,000
Year 2027	\$3,500,000
Year 2028	\$3,500,000
	\$20,000,000

Updated: January 9, 2024		Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL
COSTS FOR RECREATION PROJECT																	
Project Management Fees		\$11,761	\$55,685	\$87,836	\$72,314	\$170,982											\$398,578
Project Management Fees - PST			\$615	\$646	\$11												\$1,272
Architectural Design - Consultant Fees		\$744,353	\$1,596,290	\$1,575,972	\$429,891	\$741,883											\$5,088,389
Architectural Design - PST		\$13,398	\$28,733	\$23,032													\$65,164
Construction - Tender				\$11,872,509	\$52,193,217	\$40,745,274											\$104,811,000
PST at 6%				\$712,351	\$3,131,593	\$2,444,716											\$6,288,660
Value Engineering Items (Savings)						(\$5,189,408)											(\$5,189,408)
Climate Lens Assessment & Sundries		\$24,905	\$816	\$7,464	\$240	\$4,761											\$38,186
Equipment Fit Up & Furniture						\$2,500,000											\$2,500,000
Contingency - 3%						\$3,144,330											\$3,144,330
TOTAL FEES		\$794,417	\$1,682,140	\$14,279,809	\$55,827,265	\$44,562,539	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$117,146,170
FUNDING FOR RECREATING PROJECT																	
Civic Facilities Reserve		(\$211,871)															(\$211,871)
Recreation Centre Reserve					(\$794,351)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$1,550,000)	(\$17,844,351)
40% Federal Government		(\$317,767)	(\$672,856)	(\$5,208,514)	(\$17,800,863)												(\$24,000,000)
33.33% Provincial Government		(\$264,779)	(\$560,656)	(\$4,339,995)	(\$14,832,570)												(\$19,998,000)
26.67% City Funding - \$16.0 million			(\$448,628)	(\$4,731,299)	(\$10,822,073)												(\$16,002,000)
Debt Financing					(\$30,000,000)	(\$18,000,000)											(\$48,000,000)
Re-allocated Funding						(\$3,997,443)											(\$3,997,443)
Fundraising Campaign						(\$6,000,000)	(\$3,500,000)	(\$3,500,000)	(\$3,500,000)	(\$3,500,000)							(\$20,000,000)
Development Levies - Yard District						(\$320,485)	(\$680,847)	(\$680,847)	(\$680,847)	(\$320,485)							(\$2,683,511)
Interest and Loan Payments																	
Loan Payment - \$16.0 million					\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$794,351	\$9,532,215
Loan Payment - \$30.0 million						\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$1,695,700	\$18,652,700
Loan Payment - \$18.0 million						\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$4,048,969	\$20,244,845
Building Permit Revenue				(\$13,006)	(\$75,000)	(\$300,000)											(\$388,006)
Yard Development - Anticipated Taxation				(\$30,141)	(\$85,000)	(\$440,000)	(\$975,000)	(\$1,490,000)	(\$1,490,000)	(\$1,490,000)	(\$1,490,000)	(\$1,490,000)	(\$1,490,000)	(\$1,490,000)	(\$1,490,000)	(\$1,490,000)	(\$14,940,141)
DCG Fundraising Campaign					\$360,500	\$288,400											\$648,900
DCG Fundraising - Budget						\$100,000	\$50,000										\$150,000
DonorPerfect - Fundraising Software					\$3,240	\$1,990	\$1,990	\$1,990	\$1,990	\$1,990							\$13,190
TOTAL FUNDING		(\$794,417)	(\$1,682,140)	(\$14,322,955)	(\$73,251,766)	(\$27,727,487)	(\$114,837)	(\$679,837)	(\$679,837)	(\$319,475)	\$3,499,020	(\$549,949)	(\$549,949)	(\$549,949)	(\$549,949)	(\$549,949)	(\$118,823,473)
VARIANCE		\$0	(\$0)	(\$43,146)	(\$17,467,646)	(\$632,594)	(\$747,431)	(\$1,427,267)	(\$2,107,104)	(\$2,426,579)	\$1,072,442	\$522,493	(\$27,456)	(\$577,405)	(\$1,127,353)	(\$1,677,302)	(\$1,677,302)

Ultimate Recipient Agreement

Budget: Fundraising Campaign - DCG Philanthropic Services Inc.

Creative Services	Donated by DGC
Campaign Brand & Case for Support	
Collateral Design	
Public Phase Design	
Printing	\$6,000.00
Case For Support	
Training Materials	
Proposal Materials	
Advertising (General Awareness & Donor Thank	\$60,000.00
Newspaper	
Radio	
Billboard	
Online/Social media	
Other	
Website	\$4,000.00
General Office	\$5,000.00
Supplies	
Printing	
Postage/Courier	
Other	
Events & Meetings	\$25,000.00
Media Events	
Volunteer Team Meetings	
Prospect Meetings & Events	
Lead Donor Announcement	
Grand Opening Celebration	
Volunteer Celebration	
Other	
Donor Recognition	\$50,000.00
Donor Wall	
Signage	
Donor Photo Shoots	
Total Proposed Budget	\$150,000.00