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| <b>TO:</b>      | <b>CHAIR AND MEMBERS<br/>COMMUNITY AND PROTECTIVE SERVICES COMMITTEE<br/>MEETING ON JANUARY 19, 2016</b>        |
| <b>FROM:</b>    | <b>MARTIN HAYWARD<br/>MANAGING DIRECTOR, CORPORATE SERVICES AND<br/>CITY TREASURER, CHIEF FINANCIAL OFFICER</b> |
| <b>SUBJECT:</b> | <b>BMO CENTRE - REQUEST FOR FUNDING</b>   |

**RECOMMENDATION**

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following report **BE RECEIVED** for information regarding the request for funding from the London Optimists Sports Centre to expand the BMO Centre.

**PREVIOUS REPORTS PERTINENT TO THIS MATTER**

**295 Rectory Street – London Optimist Soccer Centre (BMO Centre) Building and Brownfield Site Remediation – Update** (Corporate Services Committee, April 9, 2013)  
[http://sire.london.ca/view.aspx?cabinet=published\\_meetings&fileid=93487](http://sire.london.ca/view.aspx?cabinet=published_meetings&fileid=93487)

**295 Rectory Street – LOSC - Building and Brownfield Site Remediation – Update** (Finance and Administrative Services Committee, July 20, 2011)  
<http://council.london.ca/CouncilArchives/Reports%20and%20Minutes/FAC%20Reports/FAC%20Reports%202011/2011-07-20%20Report/Item%2020.pdf>

**Brownfield Remediation Costs for Soccer Dome at 295 Rectory Street** (Board of Control, April 28, 2010)  
<http://council.london.ca/CouncilArchives/Agendas/Board%20of%20Control%20Agendas/Board%20of%20Control%20Agendas%202010/2010-04-28%20Agenda/Item%2015.pdf>

**Council Resolution (page 23) from Confidential Report** (Board of Control, January 13, 2010)  
<http://council.london.ca/CouncilArchives/Reports%20and%20Minutes/Council%20Minutes/Council%20Minutes%202010/2010-01-18%20Minutes/Council%20Minutes.pdf>

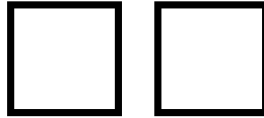
**London Optimist Sports Centre – Proposed Expansion** (Community & Protective Services Committee, July 20, 2009)  
<http://council.london.ca/CouncilArchives/Agendas/Community%20and%20Protective%20Services%20Agendas/CPS%20Agendas%202009/2009-07-20%20Agenda/Item%2011.pdf>

**BACKGROUND**

On December 7, 2015, the Strategic Priorities and Policy Committee (SPPC) received a request for delegation status from London Optimists Sports Centre (LOSC) regarding a request for funding for an expansion to the BMO Centre. SPPC resolved:

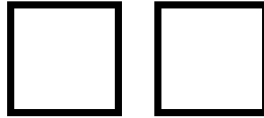
*That the Committee Secretary BE DIRECTED to place Mr. T. Partalas, President, London Optimist Sports Centre, as a delegation as a delegation on a future agenda of the Community and Protective Services Committee, with respect to the London Optimist Sports Centre’s request for additional funding from the City of London, and to include a business case on that agenda.*

This report provides a timeline (**Table 1**) and associated costs for construction of the current BMO Centre (**Table 2**) plus additional information regarding the current request for expansion.



**Table 1 - Timeline for Construction of the BMO Centre**

|                     |  |
|---------------------|--|
| <p>June 2009</p>    | <ul style="list-style-type: none"> <li>• London Optimists Soccer Club (LOSC) requested a grant to build a permanent facility for soccer at the site of their non-permanent “dome” at 6 Cuddy Blvd (an industrial park near the airport).</li> <li>• The request was for \$1.115 million grant; an increase of \$615,000 over a previously approved grant of \$500,000.</li> <li>• LOSC was submitting an application for Federal and Provincial infrastructure stimulus funding (ISF) and required additional funding from the City to fully support the initial estimated project cost.</li> <li>• LOSC applied for \$1.0 million from each of the Federal and Provincial governments under the ISF program. LOSC contributed \$4.6 million, for a total project value of \$7.7 million.</li> </ul>   |
| <p>July 2009</p>    | <ul style="list-style-type: none"> <li>• Municipal Council approved \$1,115,000 grant to LOSC, noting that the amount was a grant and did not constitute “waiving” the development charges.</li> <li>• Civic Administration raised an issue with the proposed site. Since it was situated in an industrial park and the permitted uses on surrounding sites may not have been conducive for a permanent recreation facility (at the time there was an application for a bio-gas facility immediately adjacent to the 6 Cuddy Blvd site).</li> <li>• Both the City and LOSC also preferred the new facility to be in a more central location.</li> </ul>  |
| <p>January 2010</p> | <ul style="list-style-type: none"> <li>• An extensive site search was undertaken for a new location, however, there were limited property opportunities suitable.</li> <li>• The City assisted in negotiating a deal between LOSC and the Western Fair Association (WFA) to purchase property at 295 Rectory St (near Western Fair) for construction of their new facility:             <ul style="list-style-type: none"> <li>○ LOSC acquired the property at 295 Rectory St. from WFA for \$525,000</li> <li>○ The City concurrently purchased the property at 6 Cuddy Blvd from LOSC for \$525,000</li> <li>○ The City agreed to be responsible for all remediation costs and all additional costs associated with construction at 295 Rectory St. (due brownfield concerns and the requirement for a deeper foundation at this site)</li> <li>○ The City agreed to lease 6 Cuddy Blvd to LOSC for \$1/year for five years (until 2015)</li> <li>○ LOSC agreed not to object to the development of a bio-gas facility adjacent to property and to immediately remove all structures at their cost at the end of the lease period</li> </ul> </li> <li>• Municipal Council approved \$700,000 for additional costs at the new site.</li> </ul> |
| <p>April 2010</p>   | <ul style="list-style-type: none"> <li>• Civic Administration identified issues with site remediation and City development requirements at 295 Rectory St.</li> <li>• Municipal Council approved an additional \$500,000 to address these issues.</li> </ul>   |
| <p>July 2011</p>    | <ul style="list-style-type: none"> <li>• Civic Administration identified significant issues with site remediation at 295 Rectory St. that were not identified by the previous owner (CN Rail) or initial environmental assessments from environmental consultant (Golder Associates).</li> <li>• Municipal Council approved an additional \$1.6 million to address these issues.</li> </ul>  |



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| Fall 2011  | <ul style="list-style-type: none"> <li>Opening of the “BMO Centre” (the newly named facility).</li> <li>Total cost was \$14.0 million, including the additional costs. The sources of funding are broken down by source in <b>Table 2</b> below.</li> </ul>  |
| April 2013 | <ul style="list-style-type: none"> <li>Municipal Council approved additional \$200,000 to fulfill additional requirements by the Ministry of the Environment in response to the Risk Assessment undertaken for the site. These requirements include: post-construction monitoring, additional ground water monitoring, final costs for acid tar removal and decommissioning of existing monitoring sites.</li> </ul> |

**Table 2 - Sources of Funding for the BMO Centre**

|   | Source of Funding (\$millions) |                  |              |                    |              |                  | Total Cost    |
|---|--------------------------------|------------------|--------------|--------------------|--------------|------------------|---------------|
|   | City of London                 | London Optimists | Federal ISF  | Provincial Funding |              | Bank of Montreal |               |
|   |                                |                  |              | ISF                | Trillium     |                  |               |
| Project estimate                            | \$1.115                        | \$4.3            | \$1.0        | \$1.0              |              |                  | \$7.4         |
| Increased costs                             |                                | \$2.1            |              |                    |              |                  | \$2.1         |
| Brownfield remediation and additional costs | \$3.000                        |                  |              |                    |              |                  | \$3.0         |
| Meeting rooms                               |                                |                  |              |                    | \$0.5        |                  | \$0.5         |
| Walking track                               |                                |                  |              |                    |              | \$1.0            | \$1.0         |
| <b>Total Funding</b>                        | <b>\$4.115</b>                 | <b>\$6.4</b>     | <b>\$1.0</b> | <b>\$1.0</b>       | <b>\$0.5</b> | <b>\$1.0</b>     | <b>\$14.0</b> |

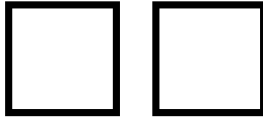
**Current Request**

Since the fall of 2011 LOSC continued to operate both facilities with no on-going commitment from the City; however, demand for the services increased and all fields were in high demand.

In early 2015, LOSC approached the City for funding for an expansion to the new facility due to this significant community demand, and the imminent end of the lease in May 2015 that would see the “Dome” facility be decommissioned and the cleared land return to the City of London industrial land inventory. The request was not approved at that time, but the lease for the non-permanent facility at 6 Cuddy Blvd was extended for one year to May 2016 to allow LOSC to continue to manage the community demand for indoor soccer that they could not fulfill at the BMO Centre.

In December 2015, LOSC approached the City again requesting an \$800,000 grant to assist with an expansion to the current facility that would be equivalent in size to half of the existing field space. The total estimated expansion cost is \$7.8 million. LOSC cites the following reasons this investment would be positive for the City:

- Will help meet an increasing demand for indoor sports facilities
- The City would not be required to fund the facility after this one-time grant
- Increased property taxes and a contribution to development charges
- Continued revitalization of the area around the BMO Centre
- Eliminating the old “dome” at 6 Cuddy Blvd would provide a central location for all indoor soccer in the City
- The expansion would create construction jobs in the City
- A larger facility would further promote active and healthy living for City residents
- The facility can be used for other activities besides soccer



### Questions That Have Been Asked

- 1) What additional revenues would the City receive from the expanded BMO Centre?

LOSC estimates the expansion would generate an additional \$30,000 in taxes but this amount cannot be confirmed by the City at this time. Taxes on the existing structure are approximately \$60,000 (as per the City's Taxation Division).

- 2) If the City provides funding to LOSC to expand the BMO Centre, can the City sell 6 Cuddy Blvd, the site of the non-permanent "dome" currently still operated by LOSC?

Yes, the City's agreement with LOSC stipulates that they must remove all material from the site when the lease expires. This would open up approximately 8.8 acres of industrial land for sale. At prescribed industrial land rates of \$65,000 per acre, the sale could generate \$572,000, more than recouping the \$525,000 the City invested in land during phase one.

- 3) Could the City buy the BMO Centre from LOSC and run it as a City facility?

Assuming LOSC was willing to sell the facility and the City could find the funding to purchase it, lost tax revenue would be approximately \$60,000 annually. The City would gain revenues from the facility, but would also have to incur staffing costs, general operating costs, utilities, administration costs, insurance, snow clearing etc.

- 4) Without financial assistance from the City, would LOSC proceed with the expansion?

LOSC has indicated that the City's assistance would go a long way in helping them in their decision to move forward with this project. A cheaper option for LOSC would be to erect another non-permanent "dome" at 295 Rectory St. A dome would not draw development charges, estimated by LOSC to be approximately \$700,000 for the proposed expansion.

- 5) Was the City responsible for rehabilitation costs at 295 Rectory St prior to the agreement with LOSC to move to that location?

LOSC purchased 295 Rectory St from Western Fair Association. In order to encourage LOSC to move out of the industrial park to a more central location, the City agreed to fund all remediation costs for LOSC. If Western Fair Association retained the lands or sold them to another party for development, the City would not be responsible for remediation costs. There are some grants available from the City for brownfield remediation, but those grants would not necessarily total the \$3 million the City contributed to LOSC.

- 6) Is additional remediation required to expand the BMO Centre?

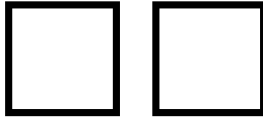
The expansion would be on the parking lot to the west of the current structure, an area that was at least partly remediated during construction of the current facility. The City has not independently determined if further remediation is necessary, but the current request from LOSC does not include any stipulations regarding the City covering remediation costs as was in place for the existing facility.

Municipal Council should seek legal advice from the City Solicitor with respect to the agreements that are in place from the initial project.

### Funding Source

If Municipal Council decides to approve the current funding request from LOSC, a potential funding source would be the Operating Budget Contingency Reserve (OBCR). The 2015 Third Quarter Operating Status Report projected a \$4.7 million surplus for 2015. This amount is subject to change as the year end position is confirmed. According to the Surplus/Deficit Policy, any year end surplus is transferred to the OBCR. The Source of Financing included in **Appendix A** would be applicable for funding this request from the OBCR.

Requests through the strategic funding framework (grants) would be inappropriate at this time given the transition of this program to the newly Council approved framework. Since LOSC is making a one-time request, the one-time draw from the OBCR would be the most appropriate source, should Municipal Council wish to support this request.



**Summary**

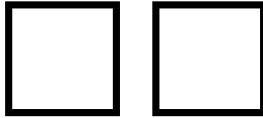
On December 7, 2015, the Strategic Priorities and Policy Committee (SPPC) received a request for delegation status from London Optimists Sports Centre (LOSC) regarding a request for funding for an expansion to the BMO Centre. The current facility was completed in 2011 for \$14.0 million, with \$6.4 million from LOSC, \$4.1 million from the City, and the remainder from the Federal and Provincial governments infrastructure funding, Trillium funding and the Bank of Montreal.

The current request from LOSC is for \$800,000 to assist with a project that is projected to cost \$7.8 million. It is anticipated that with the expansion, LOSC would no longer require the non-permanent “dome” at 6 Cuddy Blvd, freeing up the City to sell the entire 8.8 acre industrial property.

If Municipal Council decides to approve the current funding request from LOSC, a potential funding source would be the Operating Budget Contingency Reserve.

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| <b>Prepared by:</b>   | <b>Recommended by:</b>  |
|   |   |
| <b>Alan Dunbar<br/>Manager, Financial Planning &amp; Policy</b> | <b>Martin Hayward<br/>Managing Director, Corporate Services and<br/>City Treasurer, Chief Financial Officer</b> |

**Appendix A: Source of Financing**



**APPENDIX 'A'**

**SOURCE OF FINANCING**

**#16002**

Chair and Members  
Community & Protective Services Committee

January 11, 2016

**RE: BMO Centre - Request for Funding to Support Expansion**

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**FINANCE REPORT ON THE SOURCES OF FINANCING:**

Finance confirms that the cost of this project is not included in the Operating Budget, but can be accommodated as a one-time draw from the Operating Budget Contingency Reserve and that if Council approves a grant to London Optimists Soccer Centre, the detailed source of financing for this project would be:

| <b><u>ESTIMATED EXPENDITURES</u></b>               | <b><u>This Submission</u></b> |
|--|-------------------------------|
| Construction                                       | \$800,000                     |
| <b>NET ESTIMATED EXPENDITURES</b>                  | <b><u>\$800,000</u></b> 1)    |
| <b><u>SOURCE OF FINANCING:</u></b>                 |                               |
| Drawdown from Operating Budget Contingency Reserve | \$800,000                     |
| <b>TOTAL FINANCING</b>                             | <b><u>\$800,000</u></b>       |

The uncommitted balance in the Operating Budget Contingency Reserve will be approximately \$9.8 million with the approval of this project.

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Martin Hayward  
Managing Director, Corporate Services and  
City Treasurer, Chief Financial Officer