

NO: **R086**

COUNCIL DATE: **May 6, 2013**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **May 2, 2013**

FROM: **General Manager, Finance & Technology**

FILE: **3900-20**

SUBJECT: **Grandview Heights Indoor Pool and Addition to the Fleetwood Recreation Centre**

RECOMMENDATION

The Finance & Technology Department recommends that Council:

1. Receive this report as information;
2. Authorize the City Clerk to bring forward for the required readings the draft by-laws that are attached to this report as Appendices "A" and "B", respectively, which will initiate the process of obtaining funding through the Municipal Finance Authority (MFA) for the construction of the Grandview Heights Indoor Pool and for the addition of multi-purpose space at the Fleetwood Recreation Centre, both of which projects are part of the "**Build Surrey**" Program;
3. Authorize the General Manager, Finance & Technology, to take all other necessary actions to complete the process of obtaining the subject funding through the MFA;
4. Direct that there be no borrowing against "Surrey City Development Corporation (SCDC) Financial Assistance Loan Authorization, 2010, Bylaw No. 17230" and approve the cancellation of the loan authorization amount as contained in the By-law; and
5. Authorize the City Clerk to forward notification to the Ministry of Community, Sport and Cultural Development, and the Municipal Finance Authority regarding Council's cancellation of the unissued loan authorization amount as contained in By-law No. 17230.

INTENT

The purpose of this report is to provide information about and to obtain approval to obtain funding through the MFA to construct the Grandview Heights Aquatic Centre and an addition to the Fleetwood Recreation Centre, both projects being part of the "Build Surrey" Program and to obtain approval to cancel the remaining unissued loan authorization funds secured under Surrey City Development Corporation Financial Assistance Loan Authorization By-law No. 17230, which is no longer necessary.

BACKGROUND

Grandview Heights Aquatic Centre Construction and Fleetwood Recreation Centre Expansion

In 2010 as part of the Build Surrey Program Council approved, among other projects, the construction of a new indoor pool in Grandview Heights and the addition of gymnasiums to the Fleetwood Recreation Centre. Both of these projects were included in the 2013 component of 2013-2017 Five Year Financial Plan that was approved by Council earlier this year.

The Grandview Heights Aquatic Centre includes a 10-lane, 50-metre Olympic-sized pool, Olympic-calibre diving towers, a leisure pool with a waterslide, lazy river and spray features, as well as a hot tub, children's area, fitness and weight room facilities, and will be built to a Leeds Standard.

The addition to the Fleetwood Recreation Centre includes two new, full sized gymnasiums along with an addition to the existing weight room at the Centre. These additions will allow a broader range of recreation programming at this Recreation Centre and will satisfy the increased demand that has resulted from growth in the Fleetwood area since the Fleetwood Recreation Centre was last expanded.

DISCUSSION

The approved 2013 Capital Budget includes the new indoor pool (aquatic centre) in Grandview Heights and the addition to the Fleetwood Recreation Centre as referenced above. The Grandview Heights Pool project has an estimated cost of \$51.9 million. The addition to the Fleetwood Recreation Centre has an estimated cost of \$15.4 million. As such, these two projects will require an investment of approximately \$67.3 million. The 2013 budget anticipated that funding for these projects would be obtained by the City through the Municipal Finance Authority.

Favourable Interest Rates

Staff is recommending that actions be commenced at this time to obtain the necessary funding through the MFA given the current very favourable market rates for such funding (i.e., less than 3% per annum).

The process of obtaining funds through the MFA is initiated by way of the introduction and related readings of a loan authorization by-law, followed by approval of the Inspector of Municipalities, and finally approval through the Metro Vancouver Board. Subject to Council approval of the recommendations of this report, staff hopes to complete the above-referenced full approval process by the end of July, which will allow the MFA to deliver the necessary funding to the City in the fall of 2013.

Construction Schedule

Detailed design for each of the Grandview Heights indoor pool and the Fleetwood Recreation Centre addition is underway. Construction on each project is expected to commence in the fall of 2013 and be completed by the fall of 2014.

Funding for Amortization Payments

The City's Five Year Financial Plan includes appropriate allocations for the amortization of the subject MFA funding. It is noted that in 2013 Surrey City Development Corporation (SCDC) is budgeting to make a dividend payment to the City from its operations of \$4.5 million. SCDC has projected that the annual dividend that it pays to the City will continue to increase on an annual basis over the next 5 years. These dividend payments have been included in the City of Surrey's 2013-2017 Five Year Financial Plan and would have more than offset the amortization payments related to the subject funding.

Surrey City Development Corporation Financial Assistance Loan Authorization Bylaw

In 2010 Council adopted an SCDC Financial Assistance Loan Authorization By-law no. 17230 in support of the activities of SCDC. This By-law was adopted to provide short-term financing to maximize on development opportunities that SCDC was pursuing in Cloverdale and Campbell Heights. With the maturing of SCDC as a development company this Bylaw is no longer necessary. The funding available under this By-law was never drawn against. It is recommended that Council approve the cancellation of the loan authorization amount of \$19,754,250 as contained in this By-law.

SUSTAINABILITY CONSIDERATIONS

The projects, which are the subject of this report, are elements of the "**Build Surrey**" Program and will support the achievement of the objectives of the City's Sustainability Charter by enhancing the quality of life for the residents of Surrey through enhanced recreational opportunities close to home and by implementing "green" building practices. More particularly, the projects support the following action items in the Sustainability Charter:

- SC6: Accessible and Appropriately Located Services within the City; and
- SC7: Participation in Leisure Programs.

CONCLUSION

Based on the above discussion, it is recommended that Council:

1. Authorize the City Clerk to bring forward for the required readings the draft by-laws that are attached to this report as Appendices "A" and "B", respectively, which will initiate the process of obtaining funding through the Municipal Finance Authority (MFA) for the construction of the Grandview Heights Indoor Pool and for the addition of multi-purpose space at the Fleetwood Recreation Centre, both of which projects are part of the "**Build Surrey**" Program;
2. Authorize the General Manager, Finance & Technology, to take all other necessary actions to complete the process of obtaining the subject funding through the MFA;
3. Direct that there be no borrowing against "Surrey City Development Corporation (SCDC) Financial Assistance Loan Authorization, 2010, Bylaw No. 17230" and approve the cancellation of the loan authorization amount as contained in the By-law; and

4. Authorize the City Clerk to forward notification to the Ministry of Community, Sport and Cultural Development, and the Municipal Finance Authority regarding Council's cancellation of the unissued loan authorization amount as contained in By-law No. 17230.

Vivienne Wilke, CGA
General Manager, Finance & Technology

Attachments:

- Appendix A: Grandview Heights Indoor Pool Loan Authorization By-law
Appendix B: Fleetwood Recreation Centre Addition Loan Authorization By-law

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CITY OF SURREY
BY-LAW NO. XXXXX

A by-law to authorize the borrowing of the
estimated cost of the construction of an indoor pool in Grandview Heights
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WHEREAS it is deemed desirable to construct an indoor pool in Grandview Heights;

AND WHEREAS the estimated cost of constructing an indoor pool including expenses incidental thereto is the sum of \$51.9 million which is the amount of debt created by this by-law;

NOW THEREFORE, the Council of the City of Surrey, in open meeting assembled,
ENACTS AS FOLLOWS:

1. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out, the construction of an indoor pool generally in accordance with general plans on file in the municipal office and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - a) To borrow upon the credit of the Municipality a sum not exceeding \$51,900,000.00; and
 - b) To acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with the construction of an indoor pool.
2. The maximum term for which debentures may be issued to secure the debt created by this by-law is thirty (30) years.
3. This by-law may be cited as "Grandview Heights Indoor Pool Loan Authorization By-law No. xxxxx".

PASSED THREE READINGS by the City Council on the ____ day of _____, 2013.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the ____ day of _____, 2013.

_____MAYOR

_____CLERK

CITY OF SURREY
BY-LAW NO. XXXXX

A by-law to authorize the borrowing of the
estimated cost of the construction of an addition to the Fleetwood Recreation Centre
.....

WHEREAS it is deemed desirable to construct an addition on to the Fleetwood Recreation Centre;

AND WHEREAS the estimated cost of constructing this addition including expenses incidental thereto
is the sum of \$15.4 million which is the amount of debt created by this by-law;

NOW THEREFORE, the Council of the City of Surrey, in open meeting assembled,
ENACTS AS FOLLOWS:

1. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out, the construction of an addition to the Fleetwood Recreation Centre generally in accordance with general plans on file in the municipal office and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - c) To borrow upon the credit of the Municipality a sum not exceeding \$15,400,000.00; and
 - d) To acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with the construction of an the addition at the Fleetwood Recreation Centre.
2. The maximum term for which debentures may be issued to secure the debt created by this by-law is thirty (30) years.
3. This by-law may be cited as "Fleetwood Recreation Centre Addition Loan Authorization By-law No. xxxxx".

PASSED THREE READINGS by the City Council on the ____ day of _____, 2013.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the ____ day of _____, 2013.

_____MAYOR

_____CLERK