



Grant Thornton

An instinct for growth™

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COMMUNICATION	
FAA -	<u>SEPT. 3/14</u>
ITEM -	<u>1</u>

North Maple Regional Park

Finance, Administration & Audit Committee

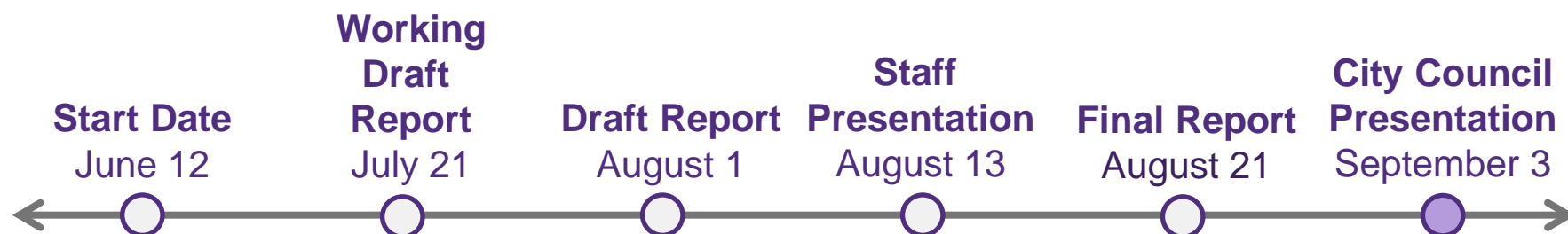
September 3, 2014

Introductions



1. **Context**
2. Funding
3. Delivery
4. Recommendations
5. Discussion

Timeline



Scope of Work & Objective of Session



Scope of Work:

- Review and assess funding sources.
- Review and assess delivery models.
- Report to City staff and Council.

Objective of Session

- Review funding sources and delivery models.
- Present final recommendations on funding and delivery to the City.

Park Purpose: The park can meet recreational needs, attract investment, strengthen Vaughan's identity, and make the city more competitive.



**Meet Recreational
Needs**



Attract Investment



**Strengthen
Vaughan's Identity**



**Make Vaughan
Competitive for
Talent**

Challenge: The capital available for North Maple Regional Park is severely restricted.

- The Active Together Master Plan (ATMP) identifies several priority parks across the City.
- DC legislation restricts the City's ability to fully fund the ATMP priorities in the contemplated timing.
- A park system in the Vaughan Metropolitan Centre may also be a competing priority.
- A large upfront conventional DC-funded capital expense on North Maple Regional Park would mean the deferral and reprioritization of parks city wide.

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Objective: Develop a strategy for developing and operating Vaughan's largest park, serving all of Vaughan.



\$25-36 million

Capital Costs

Source: City of Vaughan, HR&A

~\$0.6-\$1.2 million

Annual O&M Costs

Source: City of Vaughan, HR&A

Funding Options: A variety of funding options were assessed. Certain funding sources were more applicable for the park.



Value Capture



**Sponsorship
&
Philanthropy**



**Federal and
Provincial
Funding**



**Earned
Income**



PPP Lands

Earned Income: Significant earned income could come from field rentals.



\$113,000 - \$263,000

Gross Annual Revenue (Source: City of Vaughan)

Assumptions: 1 lit, turf soccer field with stadium seating, 1 lit, turf soccer field, 3 lit soccer fields, 2 baseball diamonds

PPP Lands: Proceeds from land sales could fund capital costs.

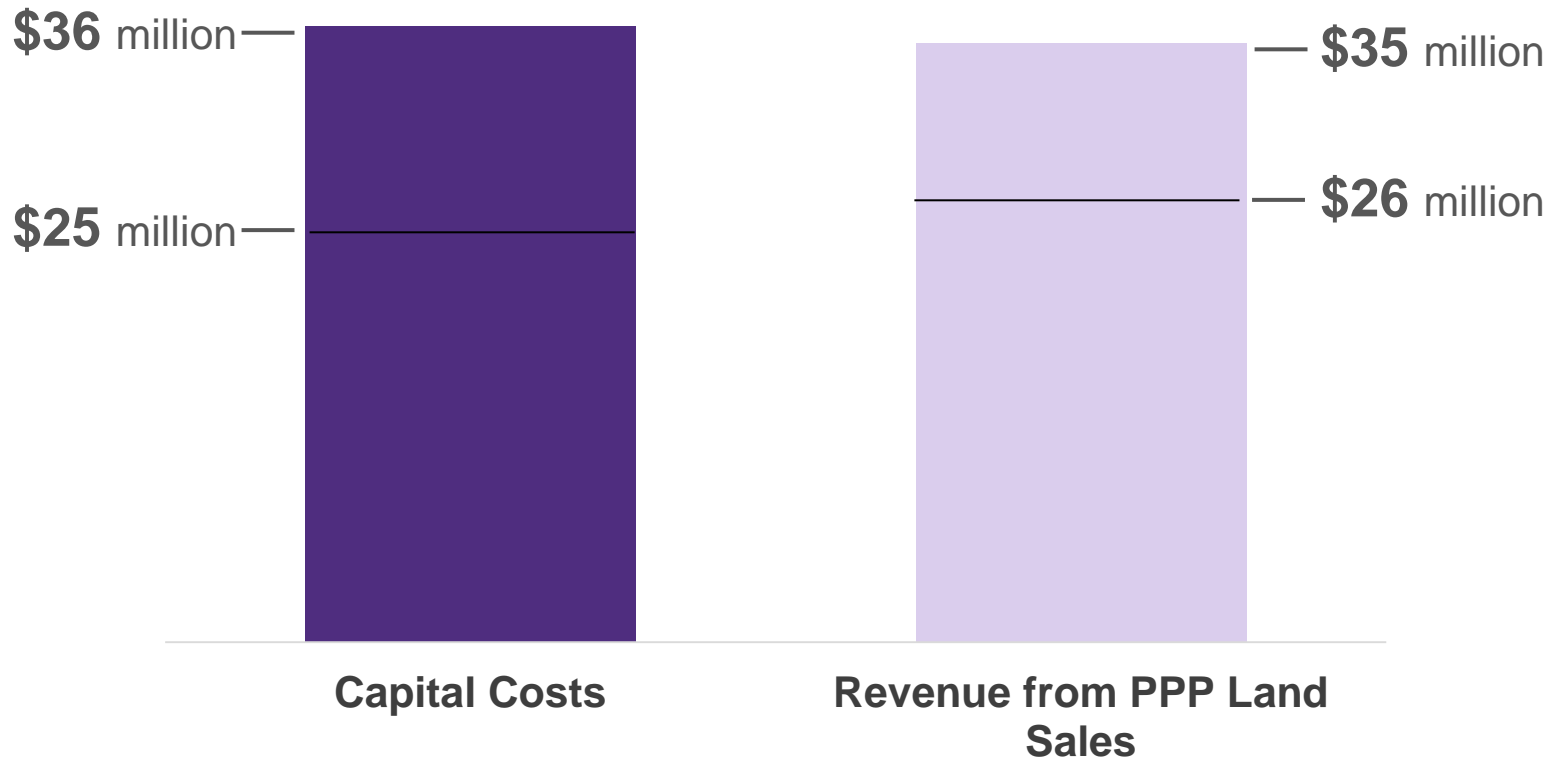


\$26-\$35 million

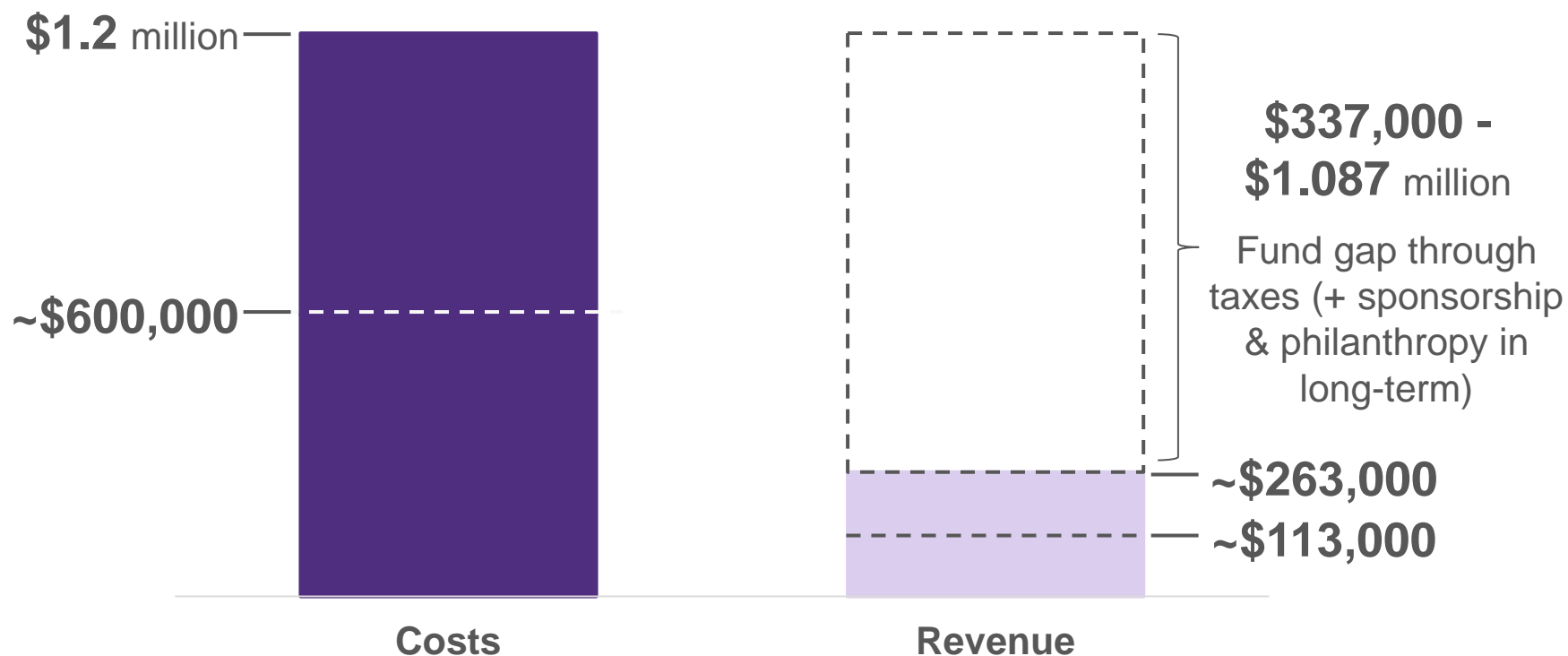
Estimated proceeds from land sale (roughly covers capital costs)

Assumptions: 7.7 developable hectares, 11.8 single family homes per hectare (with minimal impact on character of park), ~\$875,000 sale price per home, and \$125/SF vertical construction cost

Capital Costs and Revenues: Selling the PPP lands could cover nearly all capital costs. DCs could cover any remaining capital costs.



Operating Costs and Revenues: Fund operating gap through taxes.



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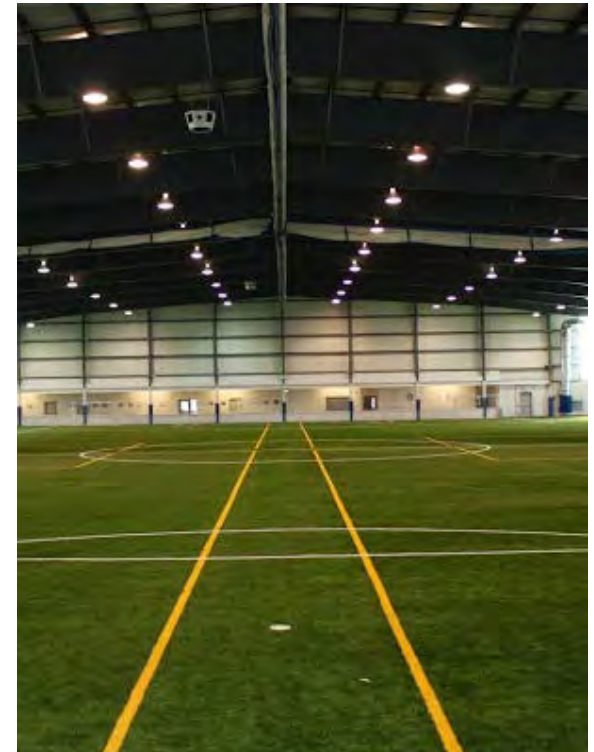
Delivery Models: There are several models for constructing and operating the park.



City



**Non-Profit
Partner**



**Recreation Facility
Partner**

Delivery Models: Each involves a different allocation of responsibilities between the partners.

Model	Development	Operation
Conventional	City	City
City Construction and Non-Profit Operation	City	Non-Profit
Recreation Facility Partnership	City and/or Partner	Partner
Alternative Finance and Procurement (AFP)	Partner	City and/or Partner

Recreation Facility Partnership: A recreation facility partnership, more commonly used for facilities, might offer value.



- Capital contributions from the public and/or private partners.
- Facility time and customers split between the partners.
- Allocation of financial upside and downside between the partners.
- Financial performance depends on facility demand and user fee levels.
- Might introduce other recreational uses and more ancillary revenue.
- Typically used on projects with larger, more reliable revenue streams.
- Legally and financially less complex than AFP delivery.

Alternative Finance and Procurement: An AFP, or public-private partnership, appears to be without precedent in the parks space.

- Ontario models:

Model	Design	Build	Finance	Maintain	Funding
DBFM	Partner	Partner	City and/or Partner	Partner	City (over time)
DBF	Partner	Partner	City and Partner	City	City (over build)

- No North American precedents, no established supplier market.
- Capital cost small, possibly impacting value for money.

Interim Park Development: Planned interim park development can occur within certain parameters.

- **CONVENTIONAL:** Proceed as usual. Adopt a phased approach based on funding availability.
- **NON-PROFIT:** A non-profit is likely to become involved only later in any event, and any agreement with a non-profit can be tailored to suit.
- **RECREATION:** Any agreement can be tailored to suit.
- **PPP LANDS:**
 - Do nothing to compromise all viable options for development.
 - Keep alternatives for access from Keele as open as possible.

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Fund capital construction with PPP Land sale and consider partnering with a non-profit for long-term operations management and funding.

Phase	Responsibility	Funding Source
Capital Construction	City	DCs + Sale of PPP Lands
Short-Term Operations	City	Taxes + Earned Income
Long-Term Operations	City + Non-Profit	Taxes + Earned Income + Emerging Philanthropy through Non-Profit

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