



City of
Peterborough

To: Members of the Committee of the Whole

From: Sandra Clancy, Director of Corporate Services

Meeting Date: March 27, 2017

Subject: Report CPFS17-013
Public Capital Requests

Purpose

An information report on the feasibility of establishing a budget line to support public capital requests based on the ten year average contribution.

Recommendations

That Council approve the recommendations outlined in Report CPFS17-013 dated March 27, 2017, of the Director of Corporate Services, as follows:

- a) That Report CPFS17-013 identifying the ten year average contribution to public capital requests be received for information.
- b) That based upon the preliminary analysis completed to date, and pending further discussions, Council not establish a specific budget line for public capital requests at this time.

Budget and Financial Implications

There are no budget and financial implications to receiving this report.

Background

At its meeting of December 12, 2016, when approving the 2017 Operating and Capital Budgets, Council adopted the following resolution:

That staff prepare a report on the feasibility of establishing a budget line to support public capital requests based on the ten year average.

Staff have completed an analysis of the historic information and it is attached to this report as Appendix A.

The information includes community organizations that have come to the City seeking one-time funding usually towards a capital initiative. Other similar one-time requests that were not included in this list are the Market Hall restoration (City owns the building), the Wall of Honour (became a City project) and the Naval Association (City is purchasing their property). Also not included are Affordable Housing initiatives such as the former Knox United Church and The Mount Community Centre.

The summary data indicates that the 10 year average is \$728,970 or \$750,000 in round figures. In recent years, there are even more requests as the 5 year average is \$939,000 and the amount provided to community organizations for capital requests in 2017 is \$1.5 million.

Feasibility of Establishing a Budget Line

Establishing a budget line in support of public capital requests would require determining an amount each year. Presumably, this would lead to the City having to turn away requests if all requests for that year were more than the budgeted amount. It might be seen as a “first come, first serve” basis and cause some difficulties. Certainly, the 10 year history shows that there is little consistency to the amount. It varies greatly from year to year so having a budgeted amount each year would be problematic.

An option that Council may wish to consider is to establish a reserve fund for future community partnership opportunities. The budget line could form part of the annual Operating Budget. In theory, annual amounts would be built up over time and future requests would be funded from the Reserve. The key advantage to such an approach is to smooth out the financial impacts of the capital requests into smaller, more manageable amounts. When the requests are less than the budgeted amount, the difference would go into the reserve, when the requests are more, funds could be drawn from the reserve.

Policy on Community Requests

It may be appropriate to request that staff prepare a policy on Community Partnerships that would give additional guidance to both staff and Council when organizations approach the City. The following suggestions are a combination of examples from other municipalities and past practice here at the City. The policy could address topics such as:

1. The principles that would be supported. For example:
 - a. The public capital request (or partnership) should be in the public interest and complement the City's Strategic Framework.
 - b. The facility developed under such a partnership, must be open and accessible to all residents.
 - c. Funding arrangements are subject to availability of funding.
 - d. Capital partnerships will only be considered where they can be supported by a business plan that indicates that the completed project is sustainable over the long term.
2. The Conditions for eligibility that would apply. For example:
 - a. Community groups must have achieved non-profit status and be in good standing. The group must demonstrate that it has the human resources and expertise to carry out the proposed project.
 - b. Proposals may relate to an asset that is owned by the City, built on City land, is a Municipal Capital Facility or to an asset that is operated by a community partner who delivers services on behalf of the City.
 - c. Proposals must be major capital projects for new facilities, major renovations, expansions or redevelopment. The facility must be within the City of Peterborough.
 - d. Proposals must not duplicate existing facilities within the same service area.
 - e. A detailed business plan must be submitted with the proposal that indicates that the completed project is sustainable over the long term. The City reserves the right to require an additional review of the cost estimate. The impact on the City future Operating Budgets must be included in the plan.

3. The Criteria for assessment. For example:
 - a. The extent to which the proposal leverages the amount of funding contributed through other sources.
 - b. The existence of other potential partners and their involvement and contributions to the project.
 - c. The appropriateness of the scale of the proposed project.
 - d. The track record of the community group, demonstrating an ability to undertake and complete the project.
 - e. The extent of community support for the project and the degree to which it will benefit the City.
4. The City's contribution. For example:
 - a. The City contribution towards capital projects for City-owned assets (eg. Market Hall) will be a maximum of xx% (eg. 50%) of the eligible cost of the project. For projects involving community owned assets, the maximum contribution will be xx% (eg. 25%) of the eligible capital cost of the project to a maximum threshold of \$xxx,xxx (eg. \$1,000,000).
 - b. The contribution from the City may be provided in one or more of the following ways:
 - A cash payment
 - Provision of land by way of gift or long-term lease
 - Services provided in kind
 - Waiver of municipal fees (if eligible within existing policies)
 - c. Approval in principle may be provided for eligible projects prior to other funding sources being secured.
5. What specific costs are eligible? For example:
 - a. Design, construction, site development, and fixed equipment.
6. What specific costs are not eligible? For example:
 - a. Financing, fund raising, computers and IT costs, non-fixed furniture and equipment, ongoing repairs, maintenance or renovations in the normal course of operations.

7. Accountability
 - a. In order to protect the City from unplanned liabilities and/or costs, a formal agreement must be entered into.
 - b. The City Solicitor will review and approve the agreement.

Recommendation

For the most part, the status quo has been working, albeit depending on the level of support committed in any particular year, other Council priorities have been bumped to future years. Staff does not see a big advantage in establishing a budget line for public capital requests.

Staff does see value in formalizing the process for public capital requests by way of a policy. If Council concurs, the following motion would be appropriate:

That staff prepare a policy on Public Capital Requests for Council consideration that includes topics such as the eligible organizations and projects, criteria for assessment, how the City might contribute, eligible costs and accountability.

Submitted by,

Sandra Clancy
Director of Corporate Services

Contact Name:

Richard Freymond
Manager of Financial Services
Phone: 705-742-7777, Extension 1862
Toll Free: 1-855-738-3755
Fax: 705-876-4607
E-mail: rfreymond@peterborough.ca

Attachments:

Appendix A – Public Capital Requests – 10 Year Average

Appendix A

Public Capital Requests - 10 Year Average

Line Ref	Project #	Description	Notes	Year committed	Pre 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	14591	Brock St Mission		2014								100,000	250,000	250,000	325,000
2	15750	Canadian Canoe Museum Reinvention		2015									100,000	100,000	100,000
3	7-3.01	DNA Cluster	2008		1,500,000	500,000									
4	6-1.04	Downtown Youth	2010					50,000							
5	16-107	Hospice Peterborough		2016										500,000	500,000
6	17-006	Peterborough Humane Society - New Facility		2017											393,000
7	12721	Hutchison House Roof Replacement		2012						50,000					
8	10751	Lawn Bowling Club		2010				50,000							
9	6-10.02	MapleRidge Senior Ctr	2011	2010				100,000	100,000						
10	9762	Market Hall Building	Municipal Share	2009			2,400,000								
11	6-10.01	Market Hall restoration	2004		580,000	150,000	770,783								
12	16-044	Market Hall Roof & Ext light		2016										35,000	180,000
13	4.0-01	PRHC Capital Reserve	2008		13,335,900	175,000									
14	14135	{CCHU King St		2014								82,300	89,700	89,700	
15	15523	Quaker Tennis Club		2015									50,000		
16	6-10.04	Rugby Club	2011	2011					120,000						
17	3155	Wall of Honour		2011					1,062,083	131,270					
18	6-10.01	YMCA Capital Campaign	2008		1,720,000	50,000	50,000	50,000							
19	6-10.01	YWCA Cross roads	2011	2009			250,000	250,000	250,000						
Total						875,000	3,470,783	500,000	1,532,083	181,270	0	182,300	489,700	974,700	1,498,000
Annual expenditure															
						10	7	5							
						Years	Years	Years							
						2008-2017	2011-2017	2013-2017							
Average						970,384	694,008	628,940							
Median						687,500	489,700	489,700							
Min						0	0	0							
Max						3,470,783	1,532,083	1,498,000							