

CITY OF WELLAND

POLICY

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| Policy Title: Sports and Culture Infrastructure Capital Reserve Fund Policy | |
| Date of Approval: November 20, 2012 | Policy Number: FIN-001-0013 |
| Lead Role: GM, Corporate Services/City Treasurer | Support Role: GM, Infrastructure Services/City Engineer |
| Cross Reference: | Next Review Date: Annually |
| Council File Number: 12-89 | |

POLICY STATEMENT

On September 21, 2010, the Council of the City of Welland approved by resolution that all net revenues derived from the lease and royalty payments from the Atlas Landfill Site Remediation Project be committed to a Sports and Culture Infrastructure Capital Reserve Fund and to assist, if needed, the start-up of funding of the River Road Multi-Sports Complex and the PanAM TO2015 Games projects.

PURPOSE

The purpose of this policy is to further define the permitted revenues and expenses for the Sports and Culture Infrastructure Capital Reserve Fund within the context of the original approved direction of Council.

DEFINITIONS

SPORTS – Includes all forms of passive and active recreational and competitive events.

CULTURE – Refers to values, customs, heritage and traditions that characterize the community. Culture also includes arts, which refers to the creative arts, in all forms of expression.

REVENUE GUIDELINES

Revenue sources consist of lease and royalty payments net of expenses from the Atlas Landfill Remediation Project and annual interest income allocations.

EXPENDITURE AND ALLOCATION CRITERIA

Appropriate expenditures are significant City of Welland park improvements, significant City of Welland Sports and Cultural facility improvements, and Sports and Cultural property acquisitions.

Capital expenditures/allocations should meet one or more of the following criteria:

- a) Capital item should be included in the City's 10-Year Capital Forecast. This is to ensure that new requests do not 'leap frog' capital items already identified and waiting for funding in the 10-Year Forecast.

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- b) Replacement playground equipment which is not eligible or if there is no available funding under the Planning Act Reserve Fund. Minimum expenditure amount should be \$25,000.
- c) New Sports and Cultural facilities - New swimming pool, new ball diamond, or new arena are a few examples of appropriate capital expenditures. The minimum expenditure amount towards a new facility should be \$100,000. This will ensure a reasonable contribution amount to the new facility.
- d) Sports and Cultural facility improvements - Roof replacements, unplanned or unscheduled HVAC system replacements, accessibility improvements, re-use of historic City facilities such as the historic Division Street Firehall, or new/upgrade of mechanical equipment are a few examples of appropriate capital expenditures for Sports and Cultural facility improvements. The minimum expenditure amount towards a facility improvement should be \$50,000.
- e) Arts and Cultural capital expenditures – For example, acquisition of artwork or sculptures, for location on City-owned lands or in City-owned facilities. The minimum expenditure amount should be \$1,000.
- f) Restore Welland Recreation Canal (WRC) Trust Fund – for capital expenditures that could have been funded by the municipal budget.
- g) Future WRC Capital projects

As this reserve fund is to fund needed but unfunded sports and cultural facility improvements as well as to provide back-up funds for the River Road Multi-Sports Complex and the PanAM TO2015 Games projects, fifty percent (50%) of the annual royalty revenue receipts should be retained in the fund for these purposes. As the River Road Multi-Sports Complex and the PanAM TO2015 Games projects are completed and become sustainable, the requirements to retain fifty percent (50%) of the annual royalty revenues should be reviewed on an annual basis.

The amount retained in the fund for needed but unfunded sports and cultural facility improvements should be built up to \$2,000,000 level and maintained at this amount. Schedule 1 includes the revenues recorded to date and forecast to end of lease term.

The use of funds will be approved through the annual Capital Budget process or by report to Council.

PROJECT RECOGNITION OF FUNDING SOURCE

For each project that receives funding from the Sports and Culture Infrastructure Capital Reserve Fund, there shall be identifying recognition that funding was derived from the Atlas Landfill Remediation Project. This recognition should be in the form of a plaque or sign displayed on the property.

Example: The Memorial Park Pool Pump House and Equipment Improvements were made possible through the City of Welland's Sports and Culture Infrastructure Capital Reserve Fund.

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This fund is the result of lease and royalty revenues paid to the City for the remediation of the former Atlas Landfill Site - an economic development and environmental partnership between the City of Welland and Walker Industries.

ADMINISTRATION

Corporate Services – Finance Division will be responsible for keeping this policy up to date.

Attachments:

Schedule I – Sports and Culture Infrastructure Reserve Fund Revenues Received and Projections

Schedule I(i) – Sports and Culture Infrastructure Reserve Fund Maximum Royalty Amount

Schedule II – Sports and Culture Infrastructure Reserve Fund Revenues Received to Date

**Sports and Culture Infrastructure Reserve Fund
Revenues Received & Projections**

| <u>Year</u> | <u>Lease</u> | <u>Royalties***</u> | <u>Other</u> | <u>Total</u> | <u>Royalties @ 50%</u> | <u>Cumulative Total</u> |
|--------------|---------------------------|---------------------------|------------------------|---------------------------|----------------------------|-----------------------------|
| 2010 | 75,000 | 0 | 444 \$ | 75,444 | 0 | 0 |
| 2011 | 207,632 | 717,635 | 16,858 \$ | 942,124 | \$ 358,817 | \$ 358,817 |
| 2012 ** | 224,625 | 320,652 | 0 \$ | 545,277 | \$ 160,326 | \$ 519,143 |
| 2013* | 235,850 | 563,355 | 0 \$ | 799,205 | \$ 281,678 | \$ 800,821 |
| 2014* | 247,675 | 563,355 | 0 \$ | 811,030 | \$ 281,678 | \$ 1,082,499 |
| 2015* | 260,100 | 563,355 | 0 \$ | 823,455 | \$ 281,678 | \$ 1,364,176 |
| 2016* | 273,125 (i) | 563,355 | \$ | 836,480 | \$ 281,678 | \$ 1,645,854 |
| 2017* | 286,788 (i) | 563,355 | \$ | 850,143 | \$ 281,678 | \$ 1,927,532 |
| 2018* | 301,143 (i) | 563,355 | \$ | 864,498 | \$ 281,678 | \$ 2,209,209 |
| 2019* | 316,200 (i) | 563,355 | \$ | 879,555 | \$ 281,678 | \$ 2,490,887 |
| 2020* | <u>203,688</u> (i) | <u>281,678</u> | <u>\$</u> | <u>485,365</u> | \$ 140,839 | \$ 2,631,726 |
| Total | <u>\$2,631,824</u> | <u>\$5,263,452</u> | <u>\$17,302</u> | <u>\$7,912,578</u> | | |

Notes

***Based on total tonnage capacity of 3.8 million tonnes and conservative royalty rate.

** Some Estimated Lease and Royalty Revenues (estimates for October to December 2012).

* Estimated Lease and Royalty Revenues

(i) - These lease revenue amounts are not included in lease payments received based on the scenario of the Landfill reaching capacity in 2015 (Sum of (i)'s equals \$1,380,942). (See Report FIN-2012-22 Financial Consideration Section).

See Schedule I(i) for estimated maximum royalty revenues with gradual completion of the the contract over the term with the annual increases in the royalty rates.

**Sports and Culture Infrastructure Reserve Fund
Forecasted "Maximum" Royalty Amount**

| <u>Year</u> | <u>Royalties***</u> |
|--------------|---------------------------|
| 2010 | 0 |
| 2011 | 717,635 |
| 2012 | 320,652 |
| 2013 | 563,355 |
| 2014 | 591,931 |
| 2015 | 620,507 |
| 2016 | 653,166 |
| 2017 | 685,824 |
| 2018 | 718,482 |
| 2019 | 755,223 |
| 2020 | <u>395,982</u> |
| Total | <u>\$6,022,757</u> |

Notes

***Based on total tonnage capacity of 3.8 million tonnes and royalty rate increasing on the contract anniversary date. Based on same amount of tonnage filled each year from 2013 to 2019 and remaining tonnage filled in 2020.

**Sports and Culture Infrastructure Reserve Fund
Revenues Received to Date**

| Lease Revenue Rec'd to Sept 2012 | Royalties Rec'd to Sept 2012 | Other Revenues | Total Revenues to Sept 2012 | Expenses Incurred to Date | Commitments made and Expenses not yet incurred | Uncommitted Amount |
|--|------------------------------------|-------------------|-----------------------------------|------------------------------|---|-----------------------|
| \$449,382 | \$953,719 | \$17,302 | \$1,420,402 | \$291,924 | \$325,976 | \$802,502 |