

EDMONTON SOCCER ASSOCIATION - EDMONTON SOCCER CENTRE SOUTH EXPANSION LEASE AGREEMENT

RECOMMENDATION

That the lease amending agreement between The City of Edmonton and the Edmonton Soccer Association on the terms and conditions outlined in Attachment 1 of the August 10, 2022, Financial and Corporate Services report FCS01195, be approved, and that the lease amending agreement be in form and content acceptable to the City Manager.

Requested Council Action	Decision		
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals		
CONNECTED This unifies our work as we work to achieve our strategic goals.	Urban Places		
City Plan Values	LIVE.		
City Plan Big City Move(s)	A community of communities	Relationship to Council's Strategic Priorities	15-minute districts
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> Not applicable 		
Related Council Discussions	<ul style="list-style-type: none"> October 31, 2016, Community and Public Services Committee, CR_3905 Edmonton Soccer Association - South Soccer Centre Expansion Capital Profile 17-21-1000 FUNDED Edmonton Soccer Association South Soccer Centre Expansion 		

Executive Summary

- The current lease between the City and the Edmonton Soccer Association expires on September 30, 2029.

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- The Edmonton Soccer Association operates soccer centres through long-term leases with the City.
- The Edmonton Soccer Association contributes funding to the construction of the soccer centres through cash and long-term funding contributions.
- If the recommendation is approved, the City and the Edmonton Soccer Association would extend the lease term for 18 years and would include the new facility addition and expansion area of the Edmonton Soccer Centre South.
- The lease amendment requires Executive Committee approval as it is exempted from the Council's approved Non-Profit Leasing Guidelines 1999.
- The lease term extension will provide the Edmonton Soccer Association with the necessary stability to benefit from the Edmonton Soccer Centre South facility addition, while creating a realistic timeline for Edmonton Soccer Association to pay its project funding contribution.

REPORT

This report is seeking Executive Committee's approval to amend the lease agreement with the Edmonton Soccer Association (ESA) to include the Edmonton Soccer Centre South facility addition and expansion area and to activate ESA's project contribution payments. Construction on the Edmonton Soccer Centre South facility was completed in 2004, in partnership between the City of Edmonton and the ESA, with the ESA contributing \$4.3 million of the original \$7.6 million cost. As such, it is specifically excluded from the Non-Profit Leasing Guidelines 1999, to be dealt with on an individual basis by City Council.

The ESA currently operates three indoor soccer centres and one outdoor complex within Edmonton. The facilities support multi-sport activities with a major focus on soccer. The City managed the construction of the three existing soccer centres and the new addition to the Edmonton Soccer Centre South. It is anticipated that the addition will be completed and ready for operation by September 2022. The facility addition was built to respond to growth in soccer registrations and a shortage of availability for team practices and coaching clinics.

The lease amending agreement would include the newly constructed facility addition and parking expansion area into the leased premises. It would also extend the lease term by 18 years and grant the ESA one five year renewal option. The current lease commenced on October 1, 2004 with a term of 25 years. This extension of 18 years increases the total term of the lease to 43 years.

The lease amending agreement sets out the basic rent ESA will be required to pay for the ESA's contribution of \$9.5 million towards the City's costs of the Edmonton Soccer Centre South expansion. In addition to paying basic rent, the ESA shall also be obligated to increase their capital reserve fund contributions to align with the increased value of the facility.

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Budget/Financial Implications

The facility expansion project falls under Capital Profile 17-21-1000 - Edmonton Soccer Association South Soccer Centre Expansion (site plan included as Attachment 2). The Capital Profile identifies ESA's contribution of \$9.5 million plus interest over 20 years post-project towards the total construction cost. Because the ESA experienced reduced revenues and financial constraints through the COVID-19 pandemic, the ESA has stated that the original 20-year projection is financially unrealistic. ESA is projecting two years (2023-2024) to recover to pre-pandemic operating levels and requests pausing project contribution payments for two years to rebuild cash levels. ESA has requested, and Administration recommends, that the payment of its project contribution be spread out over 25 years after construction instead of 20. Project contributions would occur with zero payments in the first year, reduced payments in the second year, and equalized payments over the remaining 23 years. ESA acknowledges additional interest costs will be incurred and accepts this responsibility.

ESA has indicated that without these longer payment terms, they may not have sufficient funds to adhere to the payment schedule. ESA will continue to make its capital reserve fund contributions, more than doubling them in 2024 to cover the increased replacement value of the facility. Under the agreement's terms, ESA can use the capital reserve fund to cover rent arrears.

COMMUNITY INSIGHT

Prior to the City approving funding for the expansion project, Edmonton Soccer Association engaged with stakeholders and the public to confirm the need for the additional two fields at the Edmonton Soccer Centre South. The engagement included a request for feedback on the proposal and design from soccer groups and other sports groups, such as ball hockey, lacrosse, and handball, that could be accommodated on a concrete surface in the expanded facility. ESA held open houses targeting neighbouring businesses and the nearby south Edmonton communities. Schematic design boards were also presented at each of the existing soccer centres to gather feedback from the public and participants who attend those locations. ESA received support and a commitment to use the new indoor turf field and the dedicated concrete field from stakeholders, including a financial contribution to the project from many concrete users.

GBA+

The City leases the Edmonton Soccer Centre South to the ESA. The expansion of the facility addressed through this lease amendment increases the ability of the ESA to meet the field rental needs of organizations representing soccer players and participants in various concrete sports, including ball hockey, inline hockey and lacrosse. Facility users represent Edmontonians of diverse age, race, religion, gender, ability and socio-economic status. Support for diverse groups and marginalized populations as participants would be at the level of the organizations that book time at the soccer centre and not directly under the control of the ESA. However, ESA, through a sub-lease of space, supports Free Play for Kids, a group whose mission is to provide kids from

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diverse economic circumstances with the opportunity to play in a safe, accessible, and inclusive environment at no cost to them or their families.

The City's Accessibility Committee reviewed the design for the south soccer centre expansion. The new space provides for persons with disabilities to participate in sports and includes access to gender neutral washrooms, ramps for field access for persons using mobility aids, an elevator to the spectator area with safe and designated accessible seating with sight lines for viewing the fields. Special consideration was given to accommodate the Volt Hockey program, an adaptation of hockey that allows participants with complex needs, particularly those with limited mobility, to play using a battery-operated, joy-stick controlled chair.

ATTACHMENTS

1. Lease Amending Agreement Terms and Conditions
2. Site Plan