

# Whitemud Equine Learning Centre Phased Approach

## Recommendation:

That Community Services Committee recommend to City Council:

That the scope of the Whitemud Equine Centre Redevelopment project (Capital Profile 12-21-5742) be reduced, and the approved funds be utilized to replace the most critical infrastructure elements as part of a phased approach toward the long-term vision.

## Report Summary

**This report outlines changes to the Whitemud Equine Learning Centre Association redevelopment project, including a reduction in scope to allow the most critical infrastructure to be replaced at this time, and seeks approval to utilize the approved City of Edmonton funding on this reduced scope of work.**

## Report

### Background

- The Whitemud Equine Centre began as Keillor Farm in 1917. The site has operated as an equestrian facility since 1959. In 1971, the City purchased the facility and has leased it for equestrian purposes for the past 40 years. The 55-year old facility (arena, stables, classroom, and administrative spaces) is at the end of its lifecycle and must be replaced within the next two years to address safety and liability issues.
- The site has been leased to the Whitemud Equine Learning Centre Association since 1998. The Association began working on a business case in 2010, to address aging infrastructure and demand for more programs. They have raised approximately \$500,000 through private donations which has been used to cover the cost of developing concept designs, consultants and studies. Over the past decade they have also expended approximately \$500,000 on general upkeep, repairs and site improvements.
- During the 2012-2014 capital budget process, City Council approved \$4 million towards a \$16 million Whitemud Equine Centre Redevelopment project, Capital Profile 12-21-5742. The remaining \$12 million was to be fundraised by the Association.
- The project scope included:
  - two indoor riding arenas with appropriate seating
  - stabling for 55 horses
  - administration space, indoor washrooms and classroom space

### Current Status

- The Whitemud Equine Learning Centre Association has been unable to reach their fundraising goal of \$12 million to complete the redevelopment.
- There have been positive discussions with representatives of provincial and federal governments for major funding; however, the priorities of the respective orders of government have changed and a timely approval of funding has not been realized.
- The Social Enterprise Fund has conditionally approved a \$2.5 million loan with the Whitemud Equine Learning Centre Association. The funding will not be secured until the City of Edmonton confirms the following conditions:
  - That the City of Edmonton is contributing no less than \$4 million to the project.
  - That the leasehold interest can be used as security for the loan. If the Whitemud Equine Learning Centre Association defaults on the loan, or ceases to exist for whatever reason, the Edmonton Social Enterprise Fund would have the right to assume the lease under the current conditions to ensure the ongoing operations of the equine centre in an effort to ensure the loan is repaid.
  - That the City of Edmonton enter into a 25 year lease with the Whitemud Equine Learning Centre Association to demonstrate the long-term security of the organization as the operator. Administration is currently in negotiations to renew the lease for City Council's consideration that includes a lease term of ten years with the option of three five-year renewal terms.
- In response to the current status, the Whitemud Equine Learning Centre Association and the City have collaborated to develop an alternative that is more financially viable by dividing the project into a two-phase redevelopment plan. The phased approach addresses Whitemud Equine Learning Centre's immediate and long-term needs, mission and goals. The concept design has been revised and the geotechnical study, parking and traffic assessment, and business case updated to reflect the phased approach.
- Phase 1 includes:
  - First constructing a new structure that includes an 1800m<sup>2</sup> arena with spectator seating, stalls to accommodate 37 horses, administration space, indoor washrooms, and classroom area.
  - Once the new arena is constructed the existing arena, stalls, classroom and administration area will be demolished and associated land reclaimed.
  - A consulting firm has been hired by the Association to project manage Phase 1.
  - City of Edmonton would provide project oversight through the various project stages.
- Due to the condition of the current facilities, the desired project schedule would see construction commencing spring 2015 with demolition of existing facilities in the fall of 2016.

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- Administration will work with the Whitemud Equine Learning Centre Association to validate the current \$7.7 million project estimate for Phase 1. Should the cost for Phase 1 exceed \$6.5 million (\$4 million City funding plus \$2.5 Social Enterprise Fund loan), Administration will report back to Council regarding what can be physically built for \$6.5 million.
- Given the difficulties that the Whitemud Equine Learning Centre Association has experienced raising the required funds and the poor condition of the existing facilities, the objective of this recommendation is to ensure that the replacement facility is in place to allow the Whitemud Equine Learning Centre's current programs and operations to continue prior to the failure of the current facilities.
- With approval of this report, Administration would continue to advance the design to a point where there is greater accuracy/confidence in the project estimates, the funding strategy, and will expend funds from the \$4 million, if required, to advance this work.
- Completing Phase 1 will ensure that the operations of Whitemud Equine Learning Centre can continue in a safe and effective manner. Once Phase 1 is completed, the Association will strategize on pursuing funds for Phase 2 to realize their complete mission. Phase 2 would include a second arena, additional stalls, and large classroom.

### **Policy**

Enhancing Community Facility Services through Partnerships (Policy C187A)

### **Corporate Outcomes**

- Edmontonians use facilities and services that promote healthy living
- Edmontonians are connected to the city in which they live, work and play

### **Public Consultation**

- The Whitemud Equine Learning Centre Association completed a customer satisfaction survey in 2008, with questions about facility redevelopment; 60% of respondents strongly supported a redevelopment of the facility. In 2012, the association completed a telephone survey of 400 Edmontonians with 92% of respondents stating that the Whitemud Equine Learning Centre is important to the community.
- Public consultation regarding the proposed phasing of the redevelopment project has been initiated with a recent open house. This event was promoted through various media including direct invitations to the three surrounding community leagues. Information will continue to be provided through the Whitemud Equine Learning Centre Association's website, customer surveys and a second open house will be held when more advanced plans are completed.

### **Budget/Financial Implications**

- The capital profile 12-21-5742 Whitemud Equine Centre Redevelopment, in the amount of \$4 million was approved by City Council as part of the 2012-2014

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- capital budget, with funding of \$500,000 from Pay-As-You-Go and \$3.5 million from the Municipal Sustainability Initiative.
- Whitemud Equine Learning Centre Association funding of \$2.5 million has been confirmed through a loan from the Edmonton Social Enterprise Fund as of April 2014. This loan is contingent on the City of Edmonton's confirmation of capital funding toward Phase 1 of the project and acceptance of the conditions of the loan.
  - As a result of the reduced scope in Phase 1, the approved funding ratio is 25% from the City and 75% from other sources is no longer valid. The Whitemud Equine Learning Centre Association would then be responsible for securing all funding for Phase 2 with no contributions from the City of Edmonton.
  - If the revised scope is approved by City Council, the capital profile 12-21-5742 Whitemud Equine Centre Redevelopment, will be updated to reflect these changes.

### Justification of Recommendation

The Whitemud Equine Learning Centre Association has not met their fundraising goal of 75% for the planned \$16 million redevelopment project. Therefore, in consultation with Administration, the Association has developed a two-phased approach to address critical lifecycle and risk management issues in Phase 1 and facility growth in Phase 2.

### Attachments

1. Capital Profile 12-21-5742 Whitemud Equine Centre Redevelopment

### Others Reviewing this Report

- L. Rosen, Chief Financial Officer and Treasurer
- K. Rozmahel, General Manager, Corporate Services