

**DATE:** September 19, 2024

**FILE:** 1700-02

**TO:** Chair and Directors  
Comox Valley Recreation Commission

**FROM:** James Warren  
Chief Administrative Officer

Supported by James Warren  
Chief Administrative Officer  
*J. Warren*

**RE:** **Artificial Turf Field Borrowing Options**

### **Purpose**

To provide short and long-term borrowing options for consideration of funding the construction of an artificial turf field on Georges P. Vanier Secondary School property.

### **Recommendation from the Chief Administrative Officer:**

THAT staff be directed to proceed with the Artificial Turf Field project as generally outlined in the staff report dated September 19, 2024, with \$3,000,000 financed through long-term borrowing over 10 years so that the field may be constructed in 2025;

AND FURTHER THAT staff be directed to bring forward a loan authorization bylaw, and process considerations for obtaining participating area approval of the loan authorization bylaw by way of an alternative approval process.

### **Executive Summary**

- Since 2008 a second artificial turf field has been identified as a need in the Comox Valley. In June 2024 staff were asked to report back with funding options. (Appendix A).
- The Recreation Commission (Commission) approved the Recreation Strategic Plan in spring 2023 and prioritized the development of a second artificial turf field. A full list of decisions can be found in Appendix B.
- Designs options were presented to the Commission for consideration in November 2023, Option A was endorsed by the Commission (Appendix C).
- Although a conceptual design was endorsed in November 2023, short-term borrowing through bylaw approval amendments in early 2024 did not meet the service participant threshold.
- In February 2024, upon consideration of the Five-Year Financial Plan, the artificial turf field was removed from the capital budget until such time that the Decarbonization Strategy was completed, and the Commission could consider

the turf field within the context of other capital projects. Additionally, tax levies were raised to maximize annual reserve contributions.

- The Decarbonization Strategy and Roadmap (DSR) was presented in May 2024 and provided information on expenditures and timelines to meet greenhouse gas reduction targets.
- Staff have advanced asset management best practices through the preparation of a long-range capital plan for recreation facilities including turf fields. This 2025 draft plan is presented within the staff report included with today’s agenda.
- By drawing on the analysis of long-range financial planning, staff recommend 10-year long-term borrowing for the turf field capital project. Final detailed design will be completed in 2024 and to maintain overall low cost, staff recommend construction and completion occur in 2025.
- If the Board chooses to utilize an alternative approval process in mid January 2025, and elector approval is obtained, then it may be possible to start construction in the Spring of 2025 and open the field in the Fall of 2025 as outlined in Appendix D. However, if the Board chooses to go to referendum, then construction may be able to start in 2025, but it would have to be completed in 2026.
- The method of public assent has implications on the timing of construction and therefore affects the cost of the project. If construction is completed in 2025, the estimated cost is \$5,944,898, however, if construction is completed in 2026, the estimated cost is \$6,359,658.

Prepared by:

Prepared by:

Concurrence:

***T. Morgan***

***K. Broughton***

***D. DeMarzo***

Trish Morgan  
Assistant Senior Manager  
of Recreation Services

Kelly Broughton  
Manager of  
Financial Planning

Doug DeMarzo  
General Manager of  
Community Services

**Government and Community Interests Distribution (Upon Agenda Publication)**

Comox Valley Schools	✓
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**Background/Current Situation**

On November 21, 2023, four concept designs were presented to the Commission for consideration, ranging in cost from approximately \$5.1 million to \$7.0 million dollars. Design Option A at a Class D estimate of \$5,718,000, was chosen as it supports a large number of sports while balancing fiscal responsibility.

At the June 25, 2024 Commission meeting, [a summary report](#) (Appendix A) was provided to the Commission outlining the progress on the artificial turf field and the history of decisions that have been made on the project.

At the same meeting (June 25, 2024), the Commission passed the following resolution:

*THAT the Recreation Commission direct staff to prepare funding strategies for the second artificial turf field project using short-term and long-term borrowing; AND FURTHER THAT those strategies be presented to the Recreation Commission in fall 2024.*

With the decarbonization strategy completed, received and the 2025 long-term financial plan drafted, the commission can begin to consider funding options, project timing and overall affordability. The savings resulting from transfers to reserves has reduced the need for debt and therefore brings less overall tax burden.

### **Legislative Requirements:**

The maximum tax rate for the service is currently \$0.04/\$1,000 of assessed value on land and improvements. Bylaw No. 795 being “Comox Valley Sports Track and Fields Service Conversion Bylaw No. 2353, 2001, Amendment No. 2” (Bylaw 795) was introduced and given three readings by the CVRD Board on December 12, 2023. The amendment provides for an increase to the maximum annual requisition to \$1,697,117 or \$0.06895 per \$1,000 of the net taxable value of land and improvements in the service area. The bylaw currently remains at third reading as participating area approval was not achieved.

Should the Commission support a second artificial turf and move forward with short-term borrowing (option three as described further in this report), Bylaw 795 should be amended by the Board to update the maximum requisition requirements and incorporate the revised approach for participating area approval. The legislative options and considerations respecting this process are described further below.

As Bylaw 795 has not been adopted or rescinded, the Board still has the option to utilize this bylaw to address the need for an increase in the maximum requisition. If any adjustments are required, the Board can rescind third reading and amend at second reading. Participating area approval is currently proposed through director and council consent with two-thirds (or four of the five) participating jurisdictions required for the bylaw to be adopted. While this approach represents the least expensive and most expedient process, with the previous failure to achieve the

necessary consents and with the proposed incorporation of long-term borrowing, a revised approach is now being recommended.

Regional districts can enter long-term capital borrowing through a loan authorization bylaw. In accordance with the *Local Government Act 406/Community Charter 179*, the bylaw must include the purpose of the borrowing, the maximum amount to be borrowed, the maximum duration of the borrowing and the specific service that the loan relates to. Further, such bylaws must receive participating area approval through an assent vote or alternative approval process. Consent on behalf of a municipal participating area is also eligible, however in this instance this does not equally apply to the electoral areas given that the proposed borrowing has not been requested by petition.

Given that there are two bylaws associated with Option three, staff would recommend that for the purposes of obtaining participating area approval they be dealt with as if they were one bylaw. This approach is authorized by the *Local Government Act* and is typically employed to simplify and reduce administration costs as well as improve public awareness and participation.

As noted above, there are two approaches for participating area approval for consideration:

Alternative Approval Process - Local Government Act 406/407, Community Charter 179(1):

Formerly known as the counter petition, an Alternative Approval Process (AAP) allows electors at least 30 days to submit a response form if they are in opposition to the bylaw. If 10 per cent or more of eligible electors submit forms indicating their opposition to the proposal, then elector assent is not obtained, and the AAP fails. The Board may then reconsider the proposal, cancel the proposal or move forward with a referendum to seek approval.

Timeline and cost:

- One month for Board and bylaw approvals
- Three to four months for alternative approval process including Inspector approval, statutory advertising and 30-day AAP period
- Cost and staff resources: ~ \$3,000-\$5,000 plus moderate level of staff time

Assent Voting (Referendum) - Local Government Act 407(2):

Assent voting involves asking electors to cast a vote on the bylaws and is similar in many ways to the process for conducting a general local election. Assent of the electors is achieved if a majority of votes counted are in favour of the bylaw or question. The Chief Election Officer must set the general voting day within 80

days of the bylaws receiving third reading and approval from the Inspector of Municipalities. In addition, at least two advance voting opportunities must be held. There is no minimum requirement for voter turnout, and it is observed that many assent voting initiatives undertaken in isolation from general local elections suffer low turnout results.

#### Timeline and cost:

- One to two months for Board and bylaw approvals
- Four months for referendum process including Inspector approval, statutory advertising and advanced, special and regular voting
- Cost and staff resources: ~\$60,000 estimated plus significant staff time required

### **Options**

The cost to construct the artificial turf field in 2025 is estimated at \$5,944,898. If \$1,346,165 is utilized from reserve, in addition to \$808,500 from the Growing Communities Fund and \$790,233 from the 2025 requisition, then \$3,000,000 will need to be borrowed in 2025 for construction.

In 2024 the tax rate for the Track and Sports Fields Service Function was \$0.036/\$1,000 – this was an increase from \$0.0071 for 2023. The tax rate increased in 2024 due to an increase in the transfer to reserves to contribute funds for the construction of the second artificial turf field in the future.

Note - the Growing Communities funds expire on March 31, 2028.

#### 1. Long-Term Borrowing - 10 Years

That the Commission pursue 10-year, long-term borrowing through an alternative approval process for the construction of the artificial turf field starting in 2025.

If the CVRD borrows \$3M for a second artificial turf field and increases operational costs annually to \$480,000 to account for lifecycle replacement, reserve contributions, and operational expenditures, the tax rate is estimated to decrease slightly in 2026 by \$0.0047 per \$1,000. This equates to an approximate cost per residential unit of \$25.02 for a property assessed at \$800,000.

At the end of the 10-year term, the tax rate will further decrease by \$0.01373 per \$1,000 of assessed value, or a decrease to taxes of approximately \$11 as the debt servicing requirements will be complete.

	<b>Estimated Total Tax Rate for 601 - per \$1,000 Assessed Value</b>	<b>Estimated Property Tax Impact on \$800,000 Residence</b>
2024	0.03600	\$28.80
2025	0.03600	\$28.80
2026-2034	0.03128	\$25.02
2035	0.01755	\$14.04

Long-term borrowing must be undertaken through the adoption of a loan authorization bylaw which requires elector approval. Such approval may be sought by way of an AAP or assent vote as described above.

2. Long-Term Borrowing - 15 Years

That the Recreation Commission pursue 15-year, long-term borrowing through an alternative approval process for the construction of the artificial turf field starting in 2025.

If the CVRD borrows funds for a second artificial turf field and increases operational costs to account for lifecycle replacement, reserve contributions and operational expenditures, the tax rate is estimated for 2026 to be 0.02791 per \$1,000. This equates to an approximate cost per residential unit of \$22.33 for a property assessed at \$800,000.

At the end of the 15-year term, the tax rate will decrease by \$0.01036 per \$1,000 of assessed value, or a decrease to taxes of approximately \$8.30 as the debt servicing requirements will be complete.

	<b>Estimated Total Tax Rate for 601 - per \$1,000 Assessed Value</b>	<b>Estimated Property Tax Impact on \$800,000 Residence</b>
2024	0.03600	\$28.80
2025	0.03600	\$28.80
2026-2039	0.02791	\$22.33
2040	0.01755	\$14.04

Long-term borrowing must be undertaken through the adoption of a loan authorization bylaw which requires elector approval. Such approval may be sought by way of an AAP or assent vote as described above.

3. Short-Term Borrowing - 5-Years

As introduced above under the Legislative requirements heading that the Commission direct staff to bring forward Bylaw No. 2353 being, “Comox Valley Sports Track and Fields Service Conversion Bylaw No. 2353, 2001” to amend the maximum tax rate to the greater of \$1,697,117 or \$0.06895 of net taxable value on land and improvements to fund the construction of an artificial turf field to be considered for final adoption.

Short-term borrowing does not require elector approval, however, borrowing the funds necessary for the project requires an amendment to the service establishment bylaw to increase the maximum allowable requisition.

If the CVRD borrows funds under the five-year short-term borrowing term for a second artificial turf field and increases operational costs to account for lifecycle replacement, reserve contributions and operational expenditures, the tax rate is estimated to increase in 2025 by \$0.0683 per \$1,000. This equates to an approximate cost per residential unit of \$34.26 for a property assessed at \$800,000.

At the end of the five-year term, the tax rate will decrease by \$0.02528 per \$1,000 of assessed value, or a decrease to taxes of approximately \$20.22 as the debt servicing requirements will be complete.

Year	Estimated Total Tax Rate for 601 - per \$1,000 Assessed Value	Estimated Property Tax Impact on \$800,000 Residence
2024	0.03600	\$28.80
2025 - 2029	0.04283	\$34.26
2030	0.01755	\$14.04

Staff recommends proceeding with Option 1 through an AAP.

**Financial Factors**

The 2023 budget included approximately \$160,000 in operating dollars for the advancement of a new turf field. As aligned with the Recreation Strategy, the 2024 proposed financial plan included Capital Project No. 1180 New Turf Field; this project was not advanced to the adopted budget.

With the advancement of design, a Class A estimate for Design Option A was received in February. The Class A estimate of \$5,530,138 is \$187,384 less than the Class D estimate of \$5,717,522. As the project is considered, it is important to note that the estimate for cost escalation is five to ten per cent per year. An average of

7.5 per cent per year has been used for the purpose of this report. Overall operational impacts associated with the service area are estimated at \$480,000. It is projected that the project cost could increase as follows: \$5,944,898 in 2025 and \$6,359,658 in 2026.

As highlighted during the 2024 budget cycle, financial pressures exist for regional recreation facilities services. It is therefore important to consider the overall impacts to household affordability when determining funding mechanisms for this single turf project, asset life cycling, and further new amenities. By drawing on conclusions of the draft long-term financial plan (see the 20-Year Capital Plan report included in today’s agenda), Financial Services is recommending drawing debt over a ten-year period. This allows for the distribution of repayment over a longer period, keeping tax requisitions more stable in the future as additional recreation strategy initiatives are implemented.

**Project Timing, Borrowing Options & Associated Tax Rates**

**2025 Construction**

Planning the project for a 2025 construction and completion will result in the lowest overall budget implications. As a procurement competition will be required early January (award by end of February), a 2024 budget amendment will be necessary. The budget amendment will come forward to the Commission in October followed by consideration of approval by the Board for amendment to budget bylaw. The following projections can be considered.

<b>2025 Projected Costs</b>	<b>\$5,944,898</b>
<b>SOURCE OF FUNDS</b>	<b>AMOUNT</b>
Growing Communities Funding	\$808,500
Transfer From Reserve # 601	1,346,165
2025 Funding - From 601 current year requisition	790,233
Debt Funding	3,000,000
<b>TOTAL</b>	<b>\$5,944,898</b>

	<b>Five Year - Short Term @ 4.92%</b>	<b>Ten Year - Long Term @ 4.43%</b>	<b>Fifteen Year - Long Term @ 4.21%</b>
<b>Loan Amount</b>	\$3,000,000	\$3,000,000	\$3,000,000
<b>Annual Paydown - Principal</b>	600,000	258,905	155,890
<b>Annual Paydown - Interest</b>	91,500	116,666	127,576
<b>Operational Impact</b>	<b>\$691,500</b>	<b>\$375,571</b>	<b>\$283,466</b>
<b>Tax Rate per \$1,000 Assessed Value</b>			
<b>Debt Servicing - Annual</b>	0.02528	0.01373	0.01036
<b>Annual Maintenance \$480,000</b>	0.01755	0.01755	0.01755
	<b>0.04283</b>	<b>0.03128</b>	<b>0.02791</b>
<b>Average House \$800,000</b>	<b>\$34.26</b>	<b>\$25.02</b>	<b>\$22.33</b>



See Appendix D for a timeline of this option.

**2025 and 2026 Construction**

The project will be included within the 2025 proposed budget and therefore will gain endorsement by the Commission in February 2025 and the CVRD in March 2025. The following projections can be considered.

<b>2025/2026 Projected Costs</b>	<b>\$6,359,658</b>
<b>SOURCE OF FUNDS</b>	<b>AMOUNT</b>
Growing Communities Funding	\$808,500
Transfer From Reserve 601	1,460,262
2025 Funding - From 601	790,896
Debt Funding	3,300,000
<b>TOTAL</b>	<b>\$6,359,658</b>

	Five Year - Short Term @ 4.92%	Ten Year - Long Term @ 4.43%	Fifteen Year - Long Term @ 4.21%
<b>Loan Amount</b>	\$3,300,000	\$3,300,000	\$3,300,000
<b>Annual Paydown - Principal</b>	660,000	284,795	171,479
<b>Annual Paydown - Interest</b>	111,028	128,334	140,334
<b>Operational Impact</b>	<b>\$771,028</b>	<b>\$413,139</b>	<b>\$311,813</b>
<b>Tax Rate per \$1,000 Assessed Value</b>			
<b>Debt Servicing - Annual</b>	0.02819	0.01511	0.01140
<b>Annual Maintenance \$480,000</b>	0.01755	0.01755	0.01755
	<b>0.04574</b>	<b>0.03266</b>	<b>0.02895</b>
<b>Average House \$800,000</b>	<b>\$35.21</b>	<b>\$26.13</b>	<b>\$23.16</b>

With this project already out of alignment of the original dates of the Strategic Plan, any further delays could result in the field turf replacement cycle for the first field happening concurrently. This will create additional asset management burdens in the future, as well as compromise field quality for sports such as field hockey who prefer an older turf field.

Strategic Considerations - Strategic Drivers								
Fiscal Responsibility	✓	Climate Crisis and Environmental Stewardship and Protection	✓	Community Partnerships	✓	Indigenous Relations	Accessibility, Diversity, Equity and Inclusion	✓

**Fiscal Responsibility:**

- Partnering with Comox Valley Schools for the development of a second artificial turf field results in a significant cost savings to the project and taxpayers as a result of the donated land.

- Additional grant funds will be sought for this project, though grant opportunities are not always readily available for such infrastructure.

Climate Crisis and Environmental Stewardship and Protection:

- The current artificial turf field has greatly reduced the quantity of water required to maintain the field compared to the former all-weather/sand field
- Though there are concerns that the rubber infill material used on artificial turf fields can migrate off the field, strategies such as boot brushes and curbs/lips around the field will be in place to reduce the risk.

Community Partnerships:

- This service is built on strong partnerships with Comox Valley Schools, the City of Courtenay, and the Town of Comox.
- The CVRD partners with Comox Valley Schools and the City of Courtenay for the operation and maintenance of the track and artificial turf field at Georges P. Vanier Secondary.
- The CVRD, Comox Valley Schools, and Comox Valley United Soccer Club partner to work towards the construction of a fieldhouse next to the existing artificial turf field.

Accessibility, Diversity, Equity, and Inclusion:

- The construction of a multi-sport artificial turf field may lead to greater opportunities for programs such as the Challenger Baseball program that generally utilizes an artificial turf field in order to increase accessibility for their participants. It will also host a wider variety of sports as more field time will be available to the community.

Strategic Considerations - Regional Growth Strategy Goals							
Housing		Ecosystems, Natural Areas and Parks		Local economic development		Transportation	
Infrastructure	✓	Food Systems		Public Health and Safety	✓	Climate Change	✓

Infrastructure:

- The development of a new artificial turf field on the site of an existing grass field means that new infrastructure will be able to be developed while preserving vacant land elsewhere for other development needs.

Public health and safety:

- The development of a second artificial turf field will mean that an increased number of children, youth and adults will be able to enjoy year-round outdoor sport opportunities.

Climate change:

- As stated above

### **Intergovernmental Factors**

Staff have worked closely with Comox Valley Schools on the development of a new artificial turf field concept. Currently there is an agreement in place between the CVRD and Comox Valley Schools with respect to maintenance, water purchase, and use for the existing field and track. Moving forward through the development of the new artificial turf field will bring an opportunity for another partnership agreement with Comox Valley Schools.

Due to conflicting schedules, staff were unable to arrange a meeting with Cumberland staff over the summer. However, now that these borrowing options are being presented, once the Commission provides direction on the preferred borrowing option, staff will be able to convey that information to Cumberland and proceed with scheduling a meeting.

### **Citizen/Public Relations**

Following the February 13, 2024, decision by the Commission to pause the project until it could be considered after the completion of the DSR, information was sent to stakeholder organizations that attended the September 25, 2023, meeting to provide them with an update on the project.

If the Commission chooses to move forward with an alternative approval process or referendum in the future, then a communications plan will be developed to inform the public of the project and how they can participate as an elector.

Attachments:

- Appendix A – Artificial Turf Field Update Report, June 18, 2024
- Appendix B - Artificial Turf Timeline of Decisions
- Appendix C – Conceptual Design Option A
- Appendix D – ATF 2025 Timeline