

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Public Services
Date	Monday, June 7, 2021
Subject	<b>Guelph Community Sports Dome - Future Use Options</b>

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## Recommendation

1. That the City of Guelph retains the Guelph Sports Dome as a municipally-owned recreation facility asset for community use.
  2. That the Recreation Division of the Culture and Recreation Department operates, programs, rents, maintains, and budgets for the Guelph Community Sports Dome.
  3. That the Guelph Community Sports Dome operating budget be considered in the City's 2022 budget and the capital budget requirements be updated in the capital forecast as appropriate.
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## Executive Summary

### Purpose of Report

To provide the results of an internal business case analysis to define the future use of the Guelph Community Sports Dome (Sports Dome) by the municipality. The business case considered three options:

Option A – The Recreation Division of the Culture and Recreation Department operates the facility, and it remains municipally-owned.

Option B – Issue a Request for Proposals (RFP) for the operation of the facility.

Option C – Removal or sale of the Sports Dome with a plan for land use.

### Key Findings

On June 4, 2019, Council directed staff to terminate the September 11, 2006 Municipal Capital Facility and Lease Agreement between the City of Guelph and Guelph Community Sports, and for the City of Guelph - Recreation Division to assume operational control of the Sports Dome effective June 30, 2019. Council directed staff to report back to Council in the second quarter of 2020 with options for future use of the Sports Dome. At the time of this action, the City also entered into a one-year license agreement with the Guelph Soccer Club Incorporated, allocating Sports Dome office space and continuing existing Guelph Soccer Club dome field bookings.

Due to the COVID-19 Pandemic, the agreement with Guelph Soccer Club Incorporated was extended through a clause within the agreement. The continuation of the contract with Guelph Soccer Club Incorporated, coupled with the

COVID-19 Pandemic, did not allow the Recreation Department to entirely assume operational control of the Sports Dome and the services. The Council report to outline future use of the Sports Dome was also extended to June 2021.

Staff assessed three options using the recommended City of Guelph Business Case format and recommend retaining the Sports Dome as a municipal recreation asset.

## **Financial Implications**

The estimated annual operating cost of the Sports Dome is \$336,000, which includes all facility and programming costs, anticipated to be fully offset with additional revenues generated from programming and facility bookings.

The long-term capital cost is being incorporated into overall City asset management planning and will be reflected in future funding targets for recreation. Specific capital work of \$330,000 was approved in the 2021 budget, which is work that is required in order to operate the facility now. Additional work has been forecasted at a cost \$500,000 over the next ten years, and will focus on keeping the facility in a state of good repair to ensure continuous operation.

The full life-cycle cost of the facility is not know at this time, as a full assessment was not completed. Once completed, this cost will be included in the City's targeted Infrastructure Renewal funding level. Similar to Growth and City Building capital asset additions, the full life-cycle cost of the facility will be added to the annual capital transfer to the Infrastructure Renewal Reserve Fund.

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## **Report**

The Guelph Community Sports Dome has been a vital community recreation space since 2007. The primary use of the Dome has been for soccer activities, and it has housed the offices of Guelph Soccer Incorporated. The City of Guelph held a Municipal Capital Facility and Lease Agreement with Guelph Community Sports (dated September 11, 2006), which was terminated in June 2020. Details of this termination can be found in June 4, 2019 Report [Agreements with Guelph Community Sports and Guelph Soccer Club Incorporated](#). The default of a previous agreement resulted in an investment of \$32,000 in 2019 by the municipality for legislated safety systems to maintain this asset for the community. It also resulted in the use of \$250,000 of City taxation reserves to pay out the remaining mortgage that became the City's responsibility through the Guelph Community Sports default.

At the time of the June 2019 reporting, Council directed staff to assume operational control of the Sports Dome and extend the lease agreement of Guelph Soccer Incorporated. Unfortunately, the challenges associated with the Pandemic have not allowed the Recreation Division to fully program and assess municipal use of this asset as was the intent and direction. However, staff have measured three options for future use of the Guelph Sports Dome and recommend that the City of Guelph retain the recreation asset (Option A).

Two third-party assessments of the Sports Dome indicate that the condition of the facility is generally in good to very good condition. The notable exception to this assessment is the condition of the existing field turf, which has exceeded its lifecycle and requires replacement as soon as possible. This cost was included in the 2021 capital budget.

Additional capital investment requirements are noted in the Financial Implications section of this report and are included in the 2021 budget and ten-year capital forecast.

### **Option A – (recommended)**

#### **That the City of Guelph retains the Guelph Sports Dome as a municipally-owned recreation facility asset.**

Staff recommend retaining the Sports Dome as a municipally-owned recreation asset. This option best serves the known needs, demands, and gaps in municipal recreation service provision across the community. The space provided by the Sports Dome allows for a multitude of indoor year-round sport and recreation opportunities. It will enable the City of Guelph to equitably manage and monitor community needs and demand. The Sports Dome also provides a space that allows Recreation Services to revisit impacted program offerings in a COVID-informed environment.

With the retention of the Sports Dome, the City's Program Team will expand programming to engage adult and youth audiences and deliver family and community-based programs. Ideally, this approach and distribution of programming will help build a customer base as additional evening space becomes available. More importantly, it helps transform the Sports Dome from an historically one-sport facility into a hub of varied activity to encourage and support community wellbeing on a broader and more equitable scale.

Beyond increasing access to programming space, the Sports Dome provides a unique recreational environment that boasts numerous advantages from a programming perspective. The ample open space and rubberized turf surface are highly conducive to delivering popular and trending fitness programs, such as circuit training and boot camp workouts. It also provides a low-impact surface, creating a more comfortable training environment from low-impact to high-intensity activities. In addition, it offers the opportunity to replicate popular outdoor preschool and fitness activities during the winter months, meaning that we can provide year-round opportunities to our customers. Finally, the ample, open programming space also enables us to facilitate additional physical distancing and public health measures, ensuring participants' and staff members' safety and wellbeing, restoring customers' post-COVID comfort and confidence.

#### **Community Need**

City staff have identified that Guelph does not have an adequate supply of soccer and multi-use fields. Removing assets, like the Sports Dome, while current demand exceeds the need further exacerbates shortages in the community. Additionally, the facility is the only year-round municipally-owned amenity that serves the seasonal needs of "field" users. These user groups include soccer, rugby, football, ultimate Frisbee, and cricket. We have also experienced many non-traditional booking requests, including drone racing; remote control model flying; lawn bowling; and Nerf football, tag, and golf.

The City assumed ownership of the Sports Dome on June 30, 2019. Recreation facility booking staff have identified that community demand for this facility in prime-time hours exceeds availability. Prime-time hours are identified as 6pm to 11pm on weekdays, and 9am to 5pm on weekends. A single sports group has utilized these hours with historical exclusivity during prime-time hours. Other user

groups have asked for consideration/waitlisting for these time slots, with demand surpassing availability. Considering historical bookings, expansion of prime-time hours, existing requests, and the addition of City programming, staff believe that prime-time fill rates will be at 90 per cent or higher.

The Parks and Recreation Master Plan is not yet ready to inform community needs. Still, staff have been highly engaged with the community who have rented or inquired about the rental of this facility.

### **City of Guelph Need**

Staff have identified that the City operates with a current deficit in service ratios for the number of gymnasiums and dry-land spaces per capita. The permanent addition of the Sports Dome will allow staff to create and re-position dry-land programs to the best available spaces and, therefore, make additional time/availability at our other facilities.

During non-primetime hours and the summer season, staff has observed that the facility is dramatically underused with sporadic morning and daytime bookings. The previous lessee focused on a single sport and did not market the facility for broader community use or daytime operation. Therefore, staff have developed a comprehensive daytime programming plan that responds directly to the needs of our non-prime-time audiences. These program offerings would include early morning fitness and boot camp workout classes, parent and tot daytime programming, a roster of older adult programs, and creative after-school offerings. We will also work with our school board partners to offer daytime and after school opportunities for teams and school activity groups.

Historically, the Sports Dome has been underutilized during summer booking seasons. Therefore, staff will re-imagine the Sports Dome as the City's Camp Hub. It will utilize the space as a camp venue (including March Break, Professional Development Days, and Holiday Camps), inclement weather space for our outdoor camps, and unique space for evening events, including weekly camp sleepovers, family-themed activity nights, external training/events, along with scheduled programming.

With the Service Rationalization work underway, continued programming and space usage across all recreational facilities are being reviewed.

### **Schedules and Cost Recovery**

Currently, the Sports Dome sees most of its bookings during prime-time weeknights and weekend days, with 80 percent of the usage taking place during these hours. With historical bookings alone, the Sports Dome generates an estimated \$88,000 per year. By expanding prime-time hours to 4pm to 11pm weekdays and 9am to 9pm on weekends, the introduction of space to interested user groups and marketing of non-prime-time hours, staff expect to increase booking revenues to \$120,000 annually. In addition, the introduction of weekly daytime programming and the expansion of Summer Day Camps will result in additional revenues estimated at \$60,000 and \$156,000 respectively on an annual basis.

Overall, staff expects annual revenues of \$336,000 per year if the Sports Dome is operated as outlined above. This revenue estimate is sufficient to cover the

projected operating costs of running this facility, including the additional programming costs required.

### **Option B (not recommended)**

#### **Issue a Request for Proposals (RFP) for the operation of the Guelph Sports Dome facility**

This option will require Council direction to enter into an RFP process to determine marketplace interest in operating the Sports Dome. The response to an RFP for interest in operating the Sports Dome is unknown.

This is not a recommended option as it offers the risk to limit users and access to a wide variety of sports and programming. Staff have the goal to allow this recreation amenity to be more responsive to the community's needs. An RFP proposal could be written to request interest for a business to operate conditional on offering a wide variety of programming. The risk is that an organization will only want to operate with specific programming in mind. This could limit current sports users, other potential recreation, and other facility uses. Although without an RFP, staff have not been approached by any organizations to explore operating multi-use programming facility.

With direction, a call for interest could be conducted and decisions reported back to Council for further discussion.

### **Option C (not recommended)**

#### **Removal or sale of the Dome with a plan for land use**

If Council would like to dispose of this land and asset, staff could initiate this option in an order that sees the lowest direct cost resulting for the City.

The structure could be offered for sale. A further appraisal, for approximately \$15,000, would be required to determine market value of this type of property. This work has not yet occurred. Staff did not want to spend further funds without direction from Council. Of note, the Sports Dome sits in the centre of many acres of City owned land, next to Centennial Arena and multiple sports fields, and staff would not recommend selling or breaking up the land or property.

Based on industry guidance, the Dome structure would cost approximately \$60,000 to remove from its current location, and the sale of the saleable components would be roughly \$60,000. An RFP could be issued to dismantle and remove the Dome from its present site. Additional investigation on the cost of the capital investment would be required to consider rehabilitation of outdoor turf where the Dome stands now. Under this option, the cost of rehabilitation would be referred to future budgets for consideration.

Also, if the Dome structure is removed, the brick structure could remain and be re-purposed to support the Soccer Bowl and Soccer Fields adjacent to the current facility. This re-purposing could include washrooms, change rooms and meeting rooms.

As the only year-round amenity that serves the seasonal needs of "field" users, staff do not recommend removal or sale of this asset. Additionally, staff continue to recommend City-led programming and operation to ensure multi-use and all the expanded opportunities for community usage.

## **Financial Implications**

The Sports Dome operating budget for 2019 to 2021 was incorporated into the Recreation Division budget without adjustment to the base budget. However, net operating variance during these years was subject to the City's ongoing financial processes governed by the City's [Budget Monitoring Policy](#) and [Year-End Surplus Allocation Policy](#).

The details of the 2022 operating and ten-year capital cost of retaining the Sports Dome are as follows:

### **Operating:**

The proposed 2022 operating budget for the Sports Dome is estimated to be \$336,000 in expenses, offset with \$336,000 in associated revenues. Revenue would be generated from increased programming and facility rental bookings.

Expenses include programming and customer service staff, utilities, repairs and preventative maintenance, and general operating supplies. Facility maintenance would be covered by existing Recreation facility staff.

### **Capital:**

Currently, there is \$330,000 in 2021 approved capital budget for the Sports Dome, and staff are presently forecasting an additional \$500,000 for future capital upgrades through the ten-year capital forecast (through 2031). These upgrades are based on a building condition assessment conducted in 2019 where major life cycle replacement and repairs were included in the capital plan in order to maintain the physical asset.

This facility has only been identified in the City's [Asset Management Plan](#). Until the City takes a more active role in operating or programming the building, only condition scores from the 2019 Condition Assessment have been incorporated, but further work is needed to update the records with replacement value and build out the forecasted life cycle needs. Also, this cost will be included in the City's targeted Infrastructure Renewal funding. Similar to Growth and City Building capital asset additions, the full life-cycle cost of the facility will be add to the annual capital transfer to the Infrastructure Renewal Reserve Fund.

The \$830,000 capital request, currently included in the ten-year capital forecast, is for projects like, but not limited to, turf replacement, emergency doors, Light Emitting Diode (LED) lighting, and dome inflation system.

### **Consultations**

Guelph Soccer Incorporated - engaged in discussing the end of lease matters

Facilities and Energy Management

Asset Management

Parks

Finance

Human Resources

## **Strategic Plan Alignment**

Building our Future: Maintaining the Guelph Community Sports Dome as a municipally-owned recreation facility asset, expanding uses, and programming contributes to making strategic investments that nurture social wellbeing, provide landmark beauty and offer a safe place where everyone belongs. In addition, increased opportunities and programming allow for robust, active, and vibrant communities while participating in excellent health and wellness initiatives.

## **Attachments**

None

## **Departmental Approval**

None

## **Report Author**

Lynne Briggs, Manager, Recreation

## **This report was approved by:**

Danna Evans  
General Manager, Culture and Recreation  
Public Services  
519-822-1260 extension 2621  
danna.evans@guelph.ca

## **This report was recommended by:**

Colleen Clack-Bush  
Deputy Chief Administrative Officer  
Public Services  
519-822-1260 extension 2588  
colleen.clack-bush@guelph.ca