



Business Case

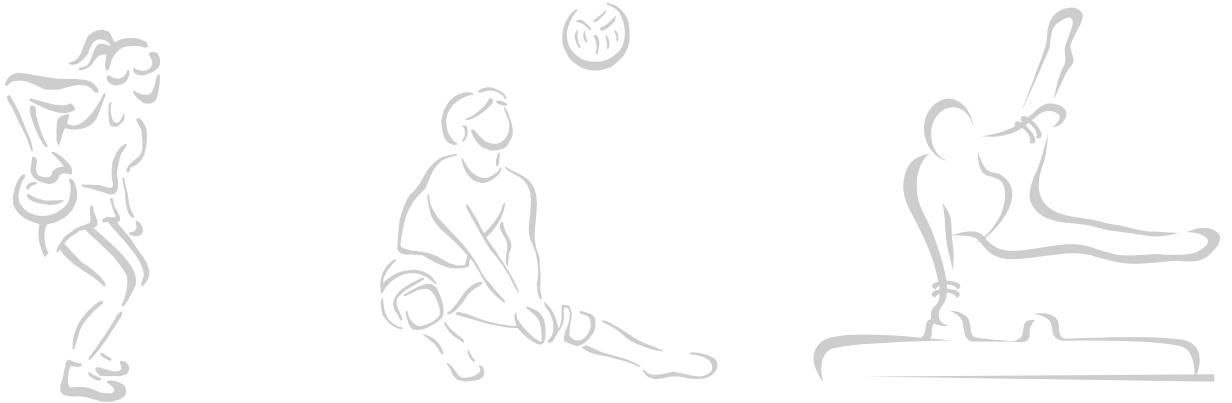


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1. EXECUTIVE SUMMARY

1.1. Project Description

Three distinct action-minded organizations: the Edmonton Grads Basketball Centre, the Edmonton Volleyball Centre Society and the Ortona Gymnastics Club have partnered to initiate the development and ongoing operation of a community based multi-use recreation and sports complex in the City of Edmonton. Combined, these groups have been serving the Edmonton Region with basketball, volleyball and gymnastics programming for over 130 years and have a rich heritage in the greater Edmonton sport community. The complex will be called the **GO Community Centre** and its development and ongoing operation will ensure continuity of the legacies which each of the three partner organizations encapsulate.

The group is currently incorporated with a Board of Directors that meets regularly with an approved budget. Funding for the project has already been secured from the following sources:

- Edmonton Youth Basketball Association,
- the Ortona Gymnastics Club,
- the Alberta Volleyball Association, and;
- Alberta Lotteries (CIP Grant).

Collectively to date, these groups have pledged \$1.1 million toward this project, and has initiated a fundraising campaign to raise \$35.8 million to finance construction costs and an operating endowment fund. The professional fundraising firm of Ross Marsh & Associates has helped the GO Centre Board develop a campaign plan (for details see the attached appendix) to raise private sector funds. Our board has hired a professional campaign director to execute the plan. To date, no direct City of Edmonton funding has been secured, however the City has undertaken considerable amount of work in developing a John Fry Master plan which includes the GO Centre and beach volleyball courts at the John Fry Park site. The GO community Centre Board has initiated a campaign to raise \$36.8 million to finance this project i

The GO Community Centre represents an innovative solution that will overcome a growing, yet unmet demand, for access to quality affordable indoor facility spaces to serve Edmonton's indoor court sports and gymnastics community, specifically:

- the lack of gym space for practice and game times to accommodate community based youth and adult basketball and volleyball programs;
- the lack of access to appropriate and quality gymnasium space to meet the program needs of user groups;
- the lack of a centralized home and thus the ability to effectively market and coordinate the sports of volleyball and basketball within the Greater Edmonton Region;
- the need to constantly repair and maintain the current "bubble" facility used by the Ortona Gymnastics Club, which has led to a study which determined that building a fixed roof facility is the most appropriate course of action for the Club;

- the facilities currently available do not support existing programs and growth in demands for the sports of basketball, volleyball and gymnastics (tournaments cannot be hosted in present facilities and must instead be dispersed among multiple venues, making logistics difficult); and
- the proposed facilities will address issues of youth inactivity being manifest in the City of Edmonton. These issues include child obesity and youth crime. The facilities will provide programs that are affordable to all income groups and the proposed endowment fund will also ensure access to GO Community Centre programs for all.

Note: The preceding statements are substantiated through the following document.

The 195,000 square foot centre will be located at John Fry Park (28th avenue and 92nd street) in South Edmonton and will include:

- 9 basketball courts,
- 8 volleyball courts,
- a state of the art gymnastics centre,
- a 10,000 square foot fitness / wellness centre,
- a walking track,
- indoor child play areas,
- food and beverage services; and,
- retail lease space for health related services.

1.2. Financial Impact

The GO Community Centre is expected to have a construction cost of \$32.7M (based on 2006 dollars). The governance and operation of the centre will be similar to that of a condominium. The three partners will each be responsible for the programming in their respective areas. The “partnership” represents an equal membership from each of the three groups and will operate and maintain the entire facility including the operation of the “Common Spaces” as outlined above. For this service, each partner organization will pay an annual fee to the partnership based on a predetermined formula (“assessment”) to cover any operational deficit that exists. This amount will be dynamic on a year to year basis as the revenue generated in the common spaces will likely fluctuate. Based on the operational budget developed for common spaces and the estimated annual operations of each group the operational impacts are presented as follows:

Operating Budget Summary	
<i>Common Spaces Revenue</i>	\$1,261,000
<i>Partner Contributions:</i>	
• Edmonton Grads Basketball Centre	\$388,032
• Edmonton Volleyball Centre Society	\$172,519
• Ortona Gymnastics Club	\$136,058
Total Facility Revenues	\$1,957,608
Total Facility Expenses	\$1,957,608
Total Facility Net Operations	\$0

Note: This does not reflect excess revenues generated by each partner group through programming.

Note: The break even budget is attributed to the three partner organizations covering the common space operational deficit through the identified partner fees. For further details as to individual operating budgets, see appendix.

It is clear that viability in operations exists for each group and for the partnership as a whole.

1.3. Social Impact

Based on participation rates indicated by the 2004 Alberta Recreation survey (Alberta Community Development); the Edmonton region has approximately 82,000 dedicated basketball participants, 66,000 volleyball participants, and 11,000 gymnastics participants.

There are 13 organized basketball user groups and 23 organized volleyball user groups that currently operate programs in regional gymnasiums and these groups compose the rental market for the facility. Upon preliminary consultation with a majority of these groups, the fees proposed would be affordable and a number of the larger groups have provided letters of support (contained herein). We anticipate that need for volleyball, basketball and gymnastics space is so great that the creation of this facility will allow organizations to expand their programs, both in number of teams and overall participants. This need virtually eliminates the possibility of poor utilization of the facility while vacancy rates in existing gymnasiums will still remain low with the construction of the GO Centre.

Currently, our volleyball and basketball groups don't have enough access to all the space they need and this is limiting their league size and number of club teams due solely to lack of gymnasiums space. The existing Ortona facilities limit their ability to grow and cultivate their programs, and offer facilities to host senior, provincial and national programs and meets.

The new GO Centre will allow program growth based on the demand that is currently present. Any leftover time in the present facilities will be filled in by all the different user groups who also make request at the Joint Use meetings and who fail to get the time they require (indoor soccer, calico, badminton, etc...). In addition, any gym time that is freed as a result of the construction of the GO Community Centre would be used by those groups that do not have enough access, including Scouts, Girl Guides, floor hockey, badminton, and the growing sport of futsal, based on conversations with individuals involved in the allocation of gym time to various groups through the Joint Use Agreement (JUA)).

The building will not only be fully accessible to all abilities but will also accommodate and promote activities for all abilities (i.e. wheelchair basketball, etc...).

1.4. Risks

The success of the project lies in attracting sufficient capital to meet the design and construction objectives for the Centre at a time when the construction industry is volatile. Expedious funds sourcing and fundraising is essential.

Other risks associated with the project include construction cost (increasing costs) and operating budget risk (based on operating revenue assumption).

Viability in operations does not present itself as a major risk factor as all partners demonstrate successful programs that are in high demand by the market.

The committee has identified and quantified these risks and is comfortable that they will not hinder proceeding with the project.

1.5. Conclusion and Recommendation

This report demonstrates that there is high, cross community and wide demographic support within the Capital Region to build the GO Centre. The Edmonton Grads Basketball Centre, the Edmonton Volleyball Centre Society, and the Ortona Gymnastics Club should be encouraged to continue marketing and pursue active fundraising to go ahead with the development of the proposed facility. This report shows that it can be viably operated if sufficient capital dollars can be resourced to do detailed design and construction.

It is recommended that the group proceed with detailed design and the continued administration of the fundraising campaign (for further details, see Appendix) to capitalize on existing momentum and existing market conditions in the Alberta economy.



2. BACKGROUND

2.1. Problem / Opportunity

Three distinct action-minded organizations: the Edmonton Grads Basketball Centre, the Edmonton Volleyball Centre Society and the Ortona Gymnastics Club have partnered to initiate the development and ongoing operation of a community based multi-use recreation and sports complex in the City of Edmonton. Combined, these groups have been serving the Edmonton Region with basketball, volleyball and gymnastics programming for over 130 years and have a rich heritage in the greater Edmonton sport community. The complex will be called the **GO Community Centre** and its development and ongoing operation will ensure continuity of the legacies which each of the three partner organizations encapsulate.

The group is currently incorporated with a Board of Directors that meets regularly with an approved budget. Funding for the project has already been secured from the following sources:

- Edmonton Youth Basketball Association,
- the Ortona Gymnastics Club,
- the Alberta Volleyball Association, and;
- Alberta Lotteries (CIP Grant).

Collectively, to date, these groups have pledged \$1.1 million toward this project. The professional fundraising firm of Ross Marsh & Associates has helped the GO Centre Board develop a campaign plan (for details see Appendix) to raise private sector funds, and our board has hired a professional campaign director to execute on the plan. To date, no direct City of Edmonton funding has been secured, however the City has undertaken considerable amount of work in developing a John Fry Master plan which includes the GO Centre and beach volleyball courts at the John Fry Park site.

The GO Community Centre represents an innovative solution that will overcome a growing, yet unmet demand, for access to quality affordable indoor facility spaces to serve Edmonton's indoor court sports and gymnastics community; Specifically:

- the **lack of gym space** for practice and game times to accommodate community based youth and adult basketball and volleyball programs;

This statement is based on findings from the Edmonton Grads Basketball Survey Results Summary and the Alberta Volleyball Association Facility needs assessment (see Appendix). Further to these studies, the City of Edmonton's Recreation Facility Master Plan 2005 – 2015 (Pages 19 and 20) stipulates commitment by the municipality to construct additional multi-purpose space (gymnasiums) that will meet various group needs (see appendix). An example is the Edmonton Youth Basketball Association (see appendix) as encapsulated in their letter of support for the project.

- the lack of access to **appropriate and quality** gymnasium space to meet the program needs of user groups;

Background: An appropriate and quality gymnasium space entails that the facility is large enough to accommodate the sport being played, taking into account the distance between the side and end lines and the walls or other structures. It also relates that proper lines are painted on a surface which allows athletes of all ages to play without fear of injury due to inappropriate flooring. Presently both youth and adult volleyball and basketball leagues are forced to play in gymnasiums that are not large enough to accommodate each respective activity and / or have floors that are unsafe.

Practice - In both basketball and volleyball leagues, youth and adults teams are unable to find appropriate space to practice. Being able to practice meets a fundamental need to improve skill levels and partake in physical activity.

Tournaments – Whereas sports such as softball and soccer have a number of tournaments during their season, basketball and volleyball are limited to very few due to lack of facilities.

The following is a quote from page 97 of the City of Edmonton Recreation Facility Master Plan 2005 – 2015 (see appendix).

“While school facilities will continue to complement the supply of gymnasiums in growing areas, school gyms are often inadequate to meet the needs of teen or adult sports groups, and continued access through Joint Use Agreements is not guaranteed. The gyms that will continue to meet the needs of these groups will be full-sized, double gyms with the dimensions, floor area, ceiling height, amenities and finishes to accommodate a variety of indoor sports, such as, basketball, volleyball, badminton, floor hockey, etc. Gyms should provide active programming space to support other community recreation programs (e.g. teen, older adult, and, family programming, etc.).”

- the **lack of a centralized home** and thus the ability to effectively market and coordinate the sports of volleyball and basketball within the Greater Edmonton Region;

Background: Currently the sports of basketball and volleyball are played in school gymnasiums all over the City and region at various times. It is not possible to have more than four teams playing at the same time at the same location. At the GO Community Centre, up to 18 basketball teams and 16 volleyball teams along with the equivalent number of teams finishing and arriving for games will be in the building at the same time. Therefore, the GO Community Centre will become a hub of activity in each of these sports. Furthermore, all adult and youth organizations offering programming, administration, coaching or refereeing for these sports will have the opportunity to have access to an office and bulletin board space.

Right now there is no visibility or awareness as to how to go about becoming a coach or referee for these sports. This centralized hub will allow for such exposure as well as exposure for youth seeing adults of varying degrees of ability, including disabled athletes, playing sports. All facility patrons will be aware of where to go to ask about more involvement in being recruited or being trained for playing, officiating or coaching.

This centralized location will allow for and attract sizable tournaments to the City of Edmonton that are not presently possible or viable since appropriate gymnasiums are

spread throughout the City and Region. Furthermore, having a quality gymnastics gymnasium located in the same building as a fitness centre and court sports will allow parents and others to have their children and youth involved in a number of activities within one facility.

- the need to constantly repair and maintain the current “bubble” facility used by the Ortona Gymnastics Club, led to an internal study by the Ortona Board, Executive, and staff (October 9, 2005). It determined that building a fixed roof facility is the most appropriate course of action for the Club. (See Appendix).
- the facilities currently available **do not support existing programs and growth** in demands for the sports of basketball, volleyball and gymnastics (tournaments cannot be hosted in present facilities and must instead be dispersed among multiple venues, making logistics difficult); and
- the proposed facilities will **address issues of youth inactivity** being manifest in the City of Edmonton. These issues include child obesity and youth crime. The facilities will provide programs that are affordable to all income groups and potential funding assistance for those who need it will also ensure access to GO Community Centre programs for all.

2.2. Current Situation

2.2.1. Use of Gymnasiums Accessed Through the Joint Use Agreement

Currently all gymnasium space in the City of Edmonton is administered through the City of Edmonton Joint Use Agreement (JUA). This agreement to allow after-school use of gym facilities, was established by the City of Edmonton, Edmonton Public Schools, Edmonton Catholic Schools and Francophone Schools in 1959, revised in 1996 and is currently undergoing another revision.

The success of the JUA relies on the collaboration of all sports, recreational, arts and culture groups in the City of Edmonton. Sports groups are the major beneficiaries of this agreement and must work closely with the City of Edmonton to equally allocate gym space among different interest groups.

To help manage the JUA, a Steering Committee and a number of sub-committees have been established by the City of Edmonton to assist in the allocation of gymnasiums. The School and Recreation Facilities Working Sub-Committee addresses issues and opportunities related to the use of schools and other indoor facilities. In particular they administer the Standards of Play for gymnasiums, work on improvements to access facilities, and work on improvements to the booking system. The sub-committee also makes recommendations on user fees, establishes classifications for each facility, creates policy regarding booking or cancellation of facilities, supervises user group standards of play and plans facility upkeep and development.

The JUA provides the rules and guidelines associated with the Standards of Play, and governs how and to whom school gymnasiums are rented out. The City has developed (through consultation with user groups) a *Standards of Play* document that outlines how many hours per person each user group can access. The *Standards* define a base level of service.

In 2005, basketball, volleyball, and gymnastics user groups accounted for 44% of total allocated joint use gymnasium rentals in the City. The following chart explains:

Joint Use Gymnasium Rentals 2000-2004	2000-2001 Hours Rented	2001-2002 Hours Rented	2002-2003 Hours Rented	2003-2004 Hours Rented	% Change in Use 2000-2004
Basketball User Groups	16,696	17,005	15,218	13,822	-17.2%
Volleyball User Groups	9,020	9,102	9,356	8,951	-0.8%
Gymnastics User Groups	2,458	2,760	1,675	1,760	-28.4%
Totals	28,175	28,867	26,249	24,533	-12.9%

It is important to understand that due to the fact that there are issues with the Standards of Play and the quality of gymnasium facilities available to appropriately host programs, overall gymnasium rentals through the JUA by all user groups has decreased 24% from 2000-2004. This decrease in usage has been due to the lack of quality and inappropriateness of some existing gymnasiums facilities for the sports of basketball and volleyball despite significant motivation of user groups to expand programming in these activities. In the area of gymnastics, the decrease of 28% is likely resulting from an objective decision by schools to move away from in-school gymnastics programming due to liability issues, lack of proper training for coaches, and the cost of equipment maintenance required in order to meet safety standards.

Some reasons why there has been a decrease in Joint Use gymnasium time in the past 4 years:

- The JUA only defines the minimum hours that must be allocated to the community. The individual schools are able to dictate when the hours are.
- The gyms that are available under the JUA are often not appropriate for what the level of play demands.
- Summer gymnasium usage is not accommodated by the JUA.
- The JUA does not dictate opening the doors during the myriad of dark days for schools, long weekends, exam weeks, teacher development days, spring break, exam weeks, etc. and therefore requires community gymnasium programming to operate at the mercy of school operational days.

Also, it is important to note that numbers for the gymnastics user groups in the above chart reflect school usage instead of regional gymnastics clubs that operate independently. It is true that gymnastics activity has been greatly reduced at school facilities due to the lack of qualified coaches, adequate equipment, and participant safety concerns. Schools that do provide for gymnastics in their physical education programs are now using private facilities such as Ortona to conduct their programming because of a lack of other alternatives. Statistics provided by the Alberta Gymnastics Federation indicate an actual increase of 41.8% in total registration numbers at clubs in the City of Edmonton over the same time frame represented in the above chart. In 2000/2001 the total number of individuals registered in gymnastics clubs was 3,416 and in 2004/2005 the total rose to 4,715, with the largest increase occurring in the 2004 Olympic year largely because of Canada's success at the Athens Olympics.

2.2.2. Existing Service Costs

The costs for user groups to access joint use facilities are as follows:

Facility Type	Hourly Rate
Elementary and Secondary Schools: Small	\$10/hr
Elementary and Secondary Schools: Large	\$15/hr

User groups can access post secondary and other gymnasium spaces outside of the Joint Use Agreement (JUA). The rental rates of these spaces are approximately ~\$40 / hour which is considerably higher than access through the JUA. As well, there is a possibility that access rates for gymnasiums under the JUA in the City of Edmonton could be increased as has happened in other major centres.

The main issue with gymnasiums accessed through joint use is not the price, but the availability (time of day) and quality (appropriateness / size of facility) of the facilities accessed. The majority of user groups consulted within both the basketball and volleyball communities have indicated that user rates could increase if needs were better met.

2.2.3. Transportation and Safety

It is recognized that families currently involved in the three core sport activities included in the GO Community Centre travel extensively throughout the city depending upon where the host facility is located. With one larger centre where all three sports will be delivered in a central location families will enjoy a more consistent traveling schedule. As well, parents can feel comfortable dropping off children at the GO Community Centre where there will be a safe, supervised environment rather than at a school where the environment is unknown. Presently, outside of school hours, parents are not aware of who is in or around the school or who might be in the school after their child's activity ends. They are not aware as to whether the school is properly supervised or whether their child will have access to amenities such as a telephone or washroom. At the GO Community Centre, staffing and hours of operation will reflect a commitment to the community to ensure a safe and open environment for all users.

2.2.4. Aging Facilities

The Ortona Gymnastics Club has been operating a very successful program through an air supported dome structure for the past 17 years. This structure has enabled the Club to operate a successful recreational and competitive artistic gymnastics program but it is approaching the end of its useful life. The existing bubble would likely face replacement in three to four years and rising energy costs also challenge the Clubs operating budget due to the lack of energy efficiency in a structure of this nature. The intent of the Club to expand programming is also limited due to the fact that physical additions to the existing facility cannot be accommodated, again due to the nature of the structure. Upon the development of the GO Community Centre, the Ortona Gymnastics facility will be taken down and the equipment will be moved to the new facility. All proceeds from the land sale will go directly to the GO Community Centre Capital Campaign.

2.2.5. Volunteerism

Volunteerism is fundamental to recreation programming in our society. Unfortunately, volunteerism in the Province of Alberta is decreasing¹ (as demonstrated in the following chart). The three partner organizations and the groups which they represent are primarily run by volunteers and the programs account for thousands of volunteer hours each year.

<i>Have you volunteered in the past 12 months? (Alberta Recreation Survey 2000-2004)</i>			
	2000	2004	% Change 2000-2004
Yes	41.1%	39.4%	-1.7%

Initiatives such as the GO Community Centre, which provide facilities for volunteer organizations to operate programs promote volunteerism and support community run sport organizations.

2.2.6. Socio – Economic Issues

The benefits of young people being involved in sports extend throughout all aspects of our past and present society. Studies linking sport activities with good school attendance and performance continually support the correlation between sport and wellness.

Through analysis of the Statistics Canada report entitled *Cornerstones of Community: Highlights of the National Survey of Non-profit and Voluntary Organizations*, which was released in September 2004, sports and recreation can be identified as the keystone of communities amongst all the sectors that are encompassed by non-profit and voluntary organizations.

Urban centers such as large cities tend to have higher rates of pollution that affect our physical health. Edmonton, like most other cities of its size, faces a number of social ills related to poverty, alcohol, drugs, street gangs, violence, racial conflict, family relocation and dysfunction. These negative factors weigh heavily on our community. While the youth may often appear to be perpetrators in a number of well publicized events they are actually victims. Increasing the number of youth that stay active, participate in sports and regularly attend school is not likely to rid the City of youth-based crime, but it will act to decrease the number of youth on the streets and in turn decrease exposure of susceptible youth to compromising situations.

The three sport organizations that comprise the partners of the GO Community Centre acknowledge and promote the positive link between the benefits of social interaction through sports and good citizenship. While the partners also accept that a sports centre is not going to cure all community social ills, it will provide an alternative to poor life style choices that can lead youth in the wrong direction.

The creation of an endowment fund as mentioned in this document is specifically aimed at supporting youth that would otherwise not have the opportunity to participate in sports.

¹ Alberta Recreation Survey 2000, 2004 (Edmonton Analysis) – Alberta Community Development

3. PROJECT DESCRIPTION

3.1. Project Description

The intent of the “GO Community Centre” is to address the growing needs of recreational basketball programs, volleyball programs, the Ortona Gymnastics Club and the Edmonton community at large by building a multi-use all-encompassing recreation complex for these activities within the City of Edmonton. It is believed that the Centre will become a nationally and internationally recognized gathering place where recreation and competitive participation in the games of basketball, volleyball and gymnastics can be enjoyed under the management of a non-profit organization. Provisions have also been made to house a health and fitness recreational area, a professional health services space, offices for non-profit groups and operational staff, full locker room and team room facilities, food services and lounge facilities. Generous space has also been allocated within the complex for meeting and socializing before events.

3.2. Objectives

The objective of the “GO Community Centre Project” is to develop and operate a major multi-sport facility in the City of Edmonton consisting of nine basketball courts, eight volleyball courts, and a state of the art gymnastics area. With the development of this facility the following key objectives will be met:

- to have access to much needed quality and affordable gym space for Edmonton basketball and volleyball communities;
- to replace the aging facility used by the Ortona Gymnastic Club and in doing so improve and expand recreational and competitive program opportunities;
- to develop a facility to honor and preserve the rich memory of the Edmonton Grads Basketball Team and the long history of the Ortona Gymnastic Club;
- to provide opportunities for all demographic groups to participate in general recreation with a focus on the sports of basketball, volleyball, and gymnastics;
- to provide opportunities for all socioeconomic demographic groups to access facility based recreational activities (This assistance will be accomplished through the development of an Endowment Fund that will provide financial assistance for participants in basketball, volleyball, and gymnastics programs);
- to implement the Canadian Sport Policy’s (see Appendix) vision to enable all Canadians to experience and enjoy involvement in sports to the extent of their abilities and interests, to increase the numbers of participants in individual or team sports, and to perform consistently and successfully at the highest level of competition; and
- to support the Alberta Sport Plan (see Appendix) through increased sports participation, promotion of excellence in sport, promotion of leadership and volunteer opportunities, provision of facilities and promotion of the business of sport, and leading sport organizations and partnerships.

3.3. Scope

The scope of this business plan is limited to the building of a community recreation center within the City of Edmonton through a partnership agreement between three non-profit organizations. The partnership consists of the following members:

3.3.1. Edmonton Grads Basketball Centre

The Edmonton Grads Basketball Centre (EGBC) organization is a non-profit group, comprised of various stakeholders from the basketball community. The organization was formed to pay tribute to the Edmonton Commercial Grads Basketball teams which dominated the sport scene in Edmonton from 1915 to 1940. The EGBC portion of the GO Community Centre will not only offer programming, facility rental space, and drop-in availability for the Greater Edmonton basketball community but will preserve the memory of the Edmonton Grads through archiving and displaying historical artifacts related to their golden era. The EGBC will have a youth focus while reaching out to all those who want to interact with the game.



The Edmonton Grads, a women's basketball team, is considered as the founders of organized basketball in the Edmonton Region. The team traveled the world bringing recognition to Edmonton and Canada while compiling an amazing record of 502 wins against 20 losses. In the process they successfully defended 17 Canadian Championship titles and won four consecutive Gold Medals at the Olympics (exhibition sport). They also captured (and never relinquished) the International Basketball Championships trophy. All of this was achieved at a time when female team sport was a rarity. In their final home game on June 5, 1940, some 6,200 fans filled the Edmonton Gardens. Clearly they were the toast of Edmonton. This basketball legacy seeded the popularity of the game in Edmonton, culminating in a 15% growth in participation rates over the last five years. This growth has been fed by a strong increase in club basketball, which provides year round competition and training for sports enthusiasts.

Growth in basketball's popularity has also been fuelled by the appearance of the NBA in Canada and the recent international exposure given to top Canadian NBA players. However, limited access to basketball facilities and limited numbers of high-level coaches have hampered growth. The goal of the Edmonton Grads is to preserve Edmonton's basketball roots while increasing the opportunity for growth and development of the sport in the Region.

3.3.2. Edmonton Volleyball Centre Society

The Edmonton Volleyball Centre Society, a partnership between the Alberta Volleyball Association (AVA), the Northern Alberta Volleyball Club (NAVC), FOG Volleyball, Millwoods Recreational Volleyball Society and the Edmonton Volleyball Association (EVA), is a non-profit organization dedicated to developing the sport of volleyball within all age groups in the Edmonton Region. With a rich history amongst the partners including nearly 50 years for the AVA (1957 – 2007), 30+ for the EVA, and 15 years for Millwoods and NAVC these stakeholders are the major providers of volleyball programs for both youth and adults in the Capital region.



The need to develop and operate a volleyball centre in the Edmonton Region was identified in a Facility Needs Assessment completed in 2004 (Randall Conrad and Associates, 2004). Upon noting the obvious benefits of joint facility development, the Edmonton Volleyball Centre Society was founded in April 2005 for the purpose of representing volleyball community stakeholders in the GO Community Centre project. The Edmonton Volleyball Centre Society is comprised of members representing volleyball groups in the Edmonton Region and Province of Alberta.

3.3.3. Ortona Gymnastic Club

The Ortona Gymnastics Club, a not-for-profit group celebrating its 30th anniversary in 2006, has been providing the greater Edmonton area with quality, all-ages, gymnastics programming. Ortona provides recreational, developmental, and competitive programs from toddlers to National Stream high performance athletes. Total program participants for the 2005 season numbered over 2,400.

Ortona is proud to state that it had the highest number of competitive athletes of all Alberta gymnastics clubs in the 2003 Western Canada Summer Games, the 2005 Western Championships held April 2005 in Winnipeg and the Canadian Championships held May 2005 in Vancouver. Ortona's recreational programs for children and youth remain extremely popular and a growing interest in the sport is now challenging the facility's capacity.

An eleven member volunteer board of directors, comprised entirely of parents, governs Ortona gymnastics. Each board member undertakes a portfolio activity in order to serve the needs of the Club. Annual elections are held in November of each year with board members serving two years on a 50% rotation basis.

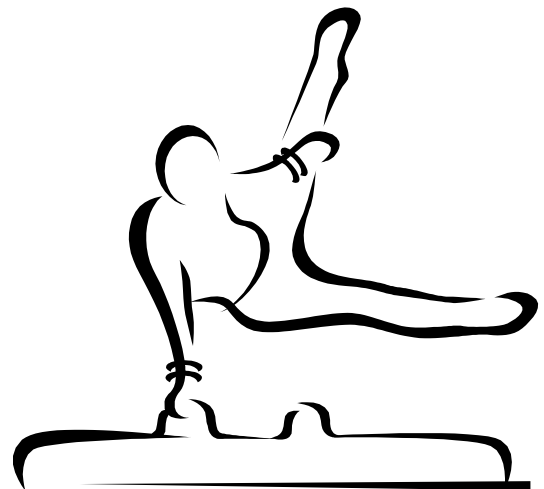
Ortona enjoys relative financial stability due to consistent revenue plus strong fiscal control and management. Because of the Club's policy of rapid debt reduction, Ortona has maintained an excellent banking relationship with the Alberta Treasury Branch.

The Club relies on a very committed and active volunteer element comprised primarily of the parents and relatives of the athletes. Fundraising activities are an essential and attractive component of the fee structure for all developmental and competitive athletes. Monthly bingo revenues and a once-every-18-months casino provide the bulk of fund-raising revenue for the

Club. Fundraising also entails a host of other continuing efforts and activities to meet the needs of the Club and to help hold fee increases to a minimum, allowing more young people the opportunity to participate in gymnastics.

Since its inception, the Board of Directors for Ortona have continually built upon the growth of the Club and have taken on risk and initiatives to purchase land, buildings and equipment to continue to serve the youth of Edmonton. The Board has also hired and developed a very accomplished and accredited coaching staff that serves the needs of Edmonton's recreational, developmental, and competitive gymnasts. True to its legacy, Ortona continues to dominate most sanctioned regional meets through athlete representation and performance results.

Because of strong market demand, Ortona is in a position to expand its vision and its role within the community by making a move to a larger state-of-the-art gymnastics centre. Ortona believes that the natural ability and individual development of each child can best be achieved through a team-coaching concept catering to the recreational or performance needs of each child. In addition to skill development, a keen emphasis is placed on safety, enjoyment, individual performance, and well-being. It is Ortona's wish that enthusiasts within the greater Edmonton area will soon be able to access one of the most advanced gymnastics clubs in Canada, with recreational, developmental, and artistic competitive coaching being offered to all levels of athletes.



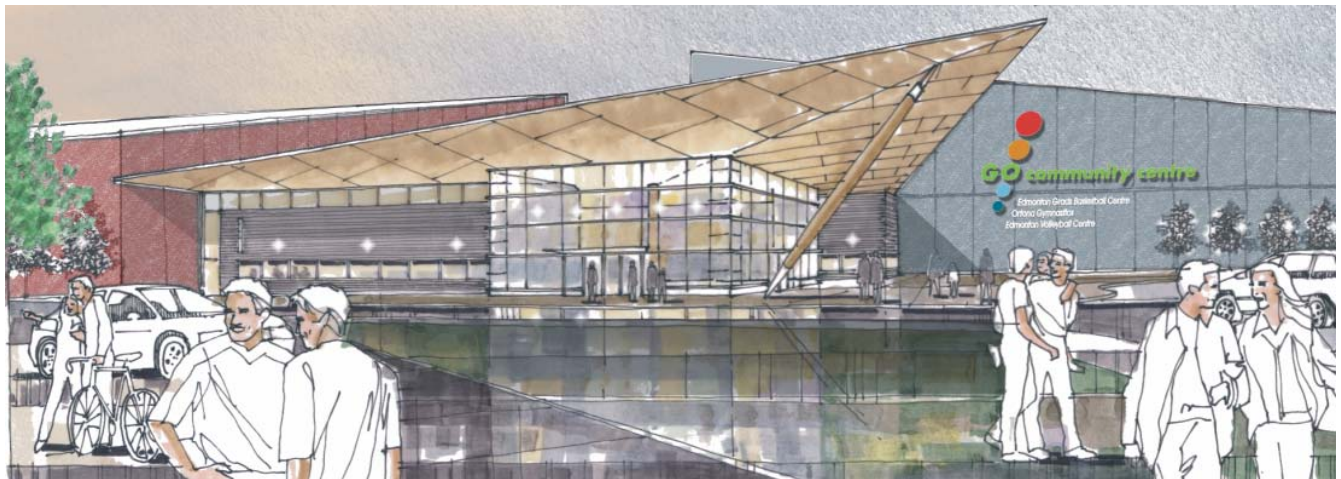
The existing Ortona gymnastics facility is located on the south side of Edmonton in a light industrial area and operates out of an air supported 16,000 sq. ft. dome structure often referred to as a "bubble". The basement floor plan offers an additional 6,000 sq ft and houses the mechanical room, change rooms, public washrooms, and the Tot Kingdom for very young gymnasts. There are 37 parking stalls on the property. The landscaped property site along with the dome structure and state-of-the-art specialized equipment are all owned by the club.

Although the facility continues to serve its members, it has overall physical limitations, security issues, sub-standard dressing rooms and washrooms, limited administration area, is very costly for utilities, and has a limited life span. During peak class times available parking is beyond the overflow level. These issues are motivating the search for a new facility. After operating in the "Bubble" for the past 16 years and working through the many challenges this has entailed, the Club is now focused on exploring new ways and opportunities to promote the sport of gymnastics and to advocate the necessity and endorse the rewards of physical activity and personal development that gymnastics can bring children and people of all ages.

3.4. Anticipated Outcomes

There are six remaining phases in the development of the GO Community Centre. These phases and the associated target timelines for each are as follows:

1. Complete a needs assessment and business plan development by August 1st, 2006;
2. Complete a conceptual design of the facility by December, 2006;
3. Develop and implement a Capital Campaign beginning in November 2006;
4. Complete detailed drawings sufficient for design-build construction tender by January, 2008;
5. Construct a new state-of-the-art facility between July, 2008 and June, 2009; and
6. Open the facility for use in September, 2009.



3.5. Stakeholders

The following charts provide an overview of the primary and secondary stakeholders in the GO Community Centre project. A number of these stakeholders have indicated support for the GO Community Centre project through letters of support (under separate cover).

Stakeholder	Overview of Business Requirements
Basketball – Primary	
Edmonton Youth Basketball Association	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games. • Provincial tournaments and other tournaments. • Zone tryouts and community “AA” tryouts. • Coaching clinics. • Office space.
Edmonton Basketball Association	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games.
Northern Lights Basketball Association	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games. • Coaching clinics and training programs. • Tournaments. • Office space at the Centre.
Basketball Alberta	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games. • Coaches clinics – certification program. • Summer basketball clinics. • Provincial tryouts. • Office space.
Club Basketball (14 clubs)	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games. • Spring league. • Tournaments. • Office space.
Edmonton Basketball Officials Association	<ul style="list-style-type: none"> • Basketball officials’ clinics. • Office space.
Drop in Recreation Use	<ul style="list-style-type: none"> • Use of gymnasium space.
Basketball – Secondary	
Canada Basketball	<ul style="list-style-type: none"> • Regional tryouts and training.
Alberta Schools Athletic Association	<ul style="list-style-type: none"> • Provincial tournament.
Ethnic or Community Based Groups	<ul style="list-style-type: none"> • Gymnasium space.
University & College Programs	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games. • Basketball players’ clinics.
Private Coaching Clinics	<ul style="list-style-type: none"> • Use of gymnasium space. • Use of office space – lecture room.
Night Stars Basketball	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games.

Stakeholder	Overview of Business Requirements
Volleyball – Primary	
Alberta Volleyball	<ul style="list-style-type: none"> • Use of gymnasium space for practices and games. • Coaching clinics - certification program. • Summer volleyball clinics. • Spring league. • Tournaments (Provincial and national level, premier) • Provincial tryouts.
FOG Volleyball	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Northern Alberta Volleyball Club	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Park Volleyball	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Sherwood Park Volleyball Club	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Ravens Volleyball Club	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Phoenix Volleyball Club	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Lion's Volleyball Club	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Edmonton Gorillas Volleyball Club	<ul style="list-style-type: none"> • Competitive, elite team based programs including external competition (boys & girls). Users of court time at the facility.
Edmonton Volleyball Association – Men's	<ul style="list-style-type: none"> • Competitive / recreational men's only volleyball league. Users of court time at the facility.
Edmonton Volleyball Association – Women's	<ul style="list-style-type: none"> • Competitive / recreational women's only volleyball league. Users of court time at the facility.
Edmonton Volleyball Association - Coed	<ul style="list-style-type: none"> • Competitive / recreational coed volleyball league. Users of court time at the facility.
Millwoods Recreational Volleyball Association	<ul style="list-style-type: none"> • Competitive / recreational coed volleyball league. Users of court time at the facility.
Edmonton Sport and Social Club	<ul style="list-style-type: none"> • Competitive / recreational coed volleyball league.
Sports For Fun	<ul style="list-style-type: none"> • Recreational coed volleyball league.
Gophers Volleyball League	<ul style="list-style-type: none"> • Recreational coed volleyball league.
Edmonton Volleyball Officials Association	<ul style="list-style-type: none"> • Basketball officials' clinics. • Office space.
Drop in Recreation Use	<ul style="list-style-type: none"> • Use of gymnasium space.
Volleyball – Secondary	
Sherwood Park Coed Association	<ul style="list-style-type: none"> • Competitive / recreational coed volleyball league. Unlikely users of the facility.
Westmount Volleyball League	<ul style="list-style-type: none"> • Competitive / recreational coed volleyball league. Unlikely users of the facility.
YMCA Family Center Programs	<ul style="list-style-type: none"> • Recreational coed volleyball league. Unlikely users of the facility.
Beaumont Competitive Volleyball League	<ul style="list-style-type: none"> • Competitive / recreational Coed volleyball league. Unlikely users of the facility.

Stakeholder	Overview of Business Requirements
Volleyball – Secondary (cont...)	
Beaumont Recreational Volleyball League	<ul style="list-style-type: none"> • Recreational Coed volleyball league. Unlikely users of the facility.
Leduc Adult Volleyball League	<ul style="list-style-type: none"> • Competitive / recreational Coed volleyball league. Unlikely users of the facility.
Various Drop-In Programs	<ul style="list-style-type: none"> • Tri-Leisure Center (Spruce Grove), City of St. Albert Schools (various), Millennium Place (Sherwood Park). Unlikely users of the facility.
Gymnastics-Primary	
Ortona Gymnastics Club	<ul style="list-style-type: none"> • A new state-of-the-art facility to accommodate the growing demands of recreational and competitive athletes. • Site for regional and national meets. • Coaching clinics. • School field trips. • Expanded gymnastic programming (from existing) • Athlete assessment.
Other Stakeholders	
Federal Government	<ul style="list-style-type: none"> • Promotion of Health and Wellness.
Alberta Provincial Government	<ul style="list-style-type: none"> • Promotion of Health and Wellness.
City of Edmonton	<ul style="list-style-type: none"> • Promotion of Health and Wellness and the development of additional “Specialty Facilities” in the City.
Private Sector Leases	<ul style="list-style-type: none"> • Use of building space for retail, professional services, and other retail services.
At-Risk Youth in the Region	<ul style="list-style-type: none"> • The facility will not only provide expanded programming opportunities for existing sport groups but, through the endowment fund, will provide opportunity for socio-economic groups that typically are not catered to.
Event hosting organizations	<ul style="list-style-type: none"> • Special event venue use.

3.5.1. City of Edmonton - Primary

The GO Centre will be congruent with a number of City of Edmonton planning initiatives. The Recreation Facility Master Plan² (2003) inventories the different types of facilities in which the City is involved in providing for its residents. The most applicable classification for the proposed facility would be a ‘Specialty Facility’. These types of facilities are offered for citywide use and are developed for a specific user group (during prime time hours). The Edmonton Soccer Centres are an example of existing facilities in this category.

Support for these types of specialty facilities is included in the Recreation Facility Master Plan (2003), but the major focus of the Plan is for the development / redevelopment of major multiplex recreation centers.

The major specialty facilities (for use of dedicated use groups) in the City right now include 19 ice arenas, three indoor soccer centres, and various sports fields spread throughout the City. These facilities have been built to meet regional needs for dedicated user groups such as youth and adult hockey and indoor soccer groups.

² For more information on the City of Edmonton Recreation Facility Master Plan please refer to www.edmonton.ca

As cities approach certain population levels and as societal trends dictate, the demand for specialized facilities is increasing. Although the City of Edmonton Facilities Master plan dictates that the development / redevelopment of multiplex / major recreation complexes is of primary concern (with a variety of spontaneous and structured multi-use components), it also mentions the requirement for specialized facilities within these facilities. Specialized facilities are components of a base level of service that the City of Edmonton has already moved toward providing for its resident sport groups through facilitating the development of facilities such as the Edmonton Soccer Centres and continuing operations of ice arenas and pools throughout the City. A critical mass of participants is key to specialty facility development; our basketball and volleyball user groups in the Edmonton Region have achieved this critical mass. These two groups have experienced excess demand for facilities (currently school gymnasiums) and have identified the need for dedicated (specialty) basketball and volleyball facilities in the Region. The Ortona program also continues to expand and grow, and in doing so have outgrown their own space and have had to limit participation within their facility. As these are specialty facilities, however, they only consider certain facets of the population and as such, they cannot evolve as major planning priorities for the City as a whole. The development of these types of facilities therefore relies on the perseverance of organized user groups to plan, organize and operate such facilities.

The grass roots movement towards the GO Community Centre project was originally initiated in spring of 2003. The three sponsoring partners have formed a concerted partnership with scheduled monthly meetings since January 2005. A major fund raising event was held in February 2005 whereby the public became very much aware of the proposed new Centre. An official GO Community Centre office (financially supported by the three partners) was opened in January 2005 to handle ongoing developmental business planning in a cohesive manner.

4. STRATEGIC ALIGNMENT

Goal from Partner's Business Plans	Level of Impact	Explanation
Relocation of Ortona Gymnastic Club.	High	Ortona's present facility is inadequate to advance future program goals and insufficient to meet existing demand. The Club is also experiencing high maintenance and operating cost issues with its facility structure and a planned replacement has been in the operation plan for a number of years.
Become a facility of choice for basketball and volleyball groups, organizations and associations in order to accommodate increased growth in the sport at the Youth and Adult level.	High	Access to gymnasiums within schools is decreasing as program demands increase. Ownership and control of adequate spaces will greatly improve the ability to meet growing demands and to market these sports to all age groups as a healthy recreational alternative.
Become a community use recreation facility serving the South Edmonton population.	Med	The facility development, properly planned, can be designed to meet resident needs that go beyond basketball, volleyball, and gymnastics.

5. ENVIRONMENT ANALYSIS

5.1. Similar Facilities in Alberta and Beyond

The following section includes examples of existing “specialty” facility operations similar to the GO Community Centre in the Alberta market and beyond.

5.1.1. Edmonton Soccer Centres

The Edmonton Soccer Centres (East, West, and South) are owned and operated by the Edmonton Soccer Facilities Association and are located through the City of Edmonton. The facilities under control of the Edmonton Soccer Facilities Association were built over a number of years based on community support and increased participation in the sport of indoor soccer. The first indoor facility in Edmonton was located at Confederation Park. It was run by the Edmonton Minor Soccer Association and was called the EMSA Bubble. In 1985, the **Strathcona Soccer Centre**, which includes two fields, was purchased. With the large growth of indoor soccer, the Strathcona Soccer Centre could no longer handle the demand for field times. In October 1995, the **Edmonton Soccer Centre West** was opened. It includes four indoor pitches each of standard indoor soccer dimensions. Removable artificial turf ensures that the spaces can be used for other sports as well (i.e. lacrosse, ball hockey, etc.). In its third year, the growth of indoor soccer had again grown beyond the capacity of both Edmonton Soccer Centre West and the Strathcona Soccer Centre. In the fall of 1999 the **Edmonton Soccer Centre East** was constructed, with proceeds from the sale of the Strathcona Soccer Centre helping fund the new facility. The **Edmonton Soccer Centre South** was completed in March 2004 and is the third indoor facility in Edmonton.

The three indoor centres are slightly different in design but contain the same resources. Each centre has four fields, each approximately the size of hockey arenas. Fields are covered with artificial turf throughout the year, with the turf being removed to allow for other activities. Each Centre also includes:

- 16 dressing rooms (4 for each field);
- male and female referee rooms;
- spectator viewing;
- lounges (1 per facility);
- concession services;
- one or two meeting rooms;
- privately operated pro-shops;
- a concourse area – excellent for registration and tournament organization; and
- administrative offices for the Facilities as well as offices for the Edmonton Soccer Association, Ball Hockey Edmonton, Edmonton Minor Soccer Association, Edmonton & District Soccer Association.

The facilities operate in distinct winter and summer seasons. The winter season operates from September to early April and focuses primarily on indoor soccer. Other winter activities include lawn bowling and football. Daytime users include soccer academies, school physical education

classes, corporate groups and individual drop-ins. Evening and weekend use is focused on soccer league play and practices. Summer use starts in April and runs until the turf is reinstalled in late August. Summer sport users include ball hockey, in-line hockey and lacrosse. Tournaments and events are also common in the summer season. Daytime use is again focused on physical education classes, corporate groups and individual drop-ins. Evenings and weekend use is taken up with league play and practices.

Soccer centre operating under similar ownership and operating structures can also be found in the City of Calgary, City of Lethbridge and City of Saskatoon.

5.1.2. The Volleymen (Calgary)

The Volleymen is a volleyball specific facility located in Calgary, Alberta. When built, it was the first indoor beach volleyball centre in Western Canada. The Volleymen was built specifically for indoor hard court and beach volleyball and is an air supported structure designed and manufactured in Canada. The facility has 40' high ceilings, is insulated and can be heated for year-round comfort. Beach volleyball courts are also heated by hydraulic tubes using boilers, adding even more comfort to the playing surface of the sand.

The Volleymen hardwood volleyball courts (4) are built to NBA specifications and as such offer a high quality playing experience. The facility has a total of 2 indoor sand courts, 4 outdoor sand courts and 4 indoor hard courts, all of which are available for rentals. Rental Rates are as follows: \$25/hour (before 6:00pm, Monday thru Friday) - \$30 /hour (before 6:00pm, weekends) - \$40/hour (after 6:00pm, seven days per week). The centre also contains a lounge, snack bar and a licensed patio. High school games, practices and tournaments are regularly held in the facility from September through November. Representative club teams run out of the facility from December to May. These clubs practice at the Volleymen during the week and host tournaments at the facility on the weekends. Weekends are booked well in advance all year round. Friday and Saturday nights are drop-in nights for \$5 from 8:30pm until 11:00pm.

There are no similar volleyball focused facilities in the Edmonton Region.

5.1.3. Rally Pointe (Calgary)

The Rally Pointe, located in Calgary, Alberta, is the first complex in Canada to be built from the ground up with volleyball in mind. With 8 indoor hard courts and 6 outdoor sand courts the Rally Pointe offers a variety of programs to cater to the Calgary volleyball community. Men's, women's and coed recreational and competitive leagues, youth club volleyball, school and club tournaments, and camps and clinics are some of the programs they offer. The complex also holds a restaurant, proshop and complete shower and change facilities with court rentals charged out at a standard \$40 per hour and drop-in fees at \$5 per person.

There are no similar volleyball focused facilities in the Edmonton Region.

5.1.4. The Calgary Gymnastics Centre

The new Calgary Gymnastics Centre (CGC) is an initiative formed by the former Mount Royal Gym Club and the Calgary Olympic Development Association. The new facility is located at the Olympic Park site. The CGC, at a size of 30,000 square feet is the largest club in the Calgary area.

The partnership between the two organizations was the key to its success. The partnership was able to obtain a one time \$500,000 legacy grant through the Province of Alberta plus secure \$100,000 through the Calgary Parks Foundation and raise additional monies through corporate sponsorships and concerted campaign efforts within the current and past membership of the Mount Royal Gym Club.

The Calgary Olympic Development Association (CODA) owned the land where the facility was built and even helped finance the fund raising short fall with very favorable rates. The increase in size from the former facility and the relocation to the Olympic Park site has resulted in approximately a 30% increase in overall revenue for the Mount Royal Gym Club. The facility now also earns extra revenue through selling advertising space within the building.

The CGC has a very successful competitive gymnastics program and a well attended recreational program for athletes of all ages. The new facility is also used as a training centre for other sports as it was designed to ensure for multi-use capability.

The partnership arrangement proved very successful and mutually beneficial in serving sports communities in the Calgary region.

There are no similar partnership generated gymnastics focused facilities in the Edmonton Region.

5.1.5. Basketball Centres in Australia: The Australian Model

Sport and fitness for life are very alive concepts throughout Australia. As an example of what can be done for the citizens of Edmonton, the basketball model in Melbourne was studied in preparation for this business case. Typical situations exist for the sports of volleyball and gymnastics.

Melbourne basketball facilities are, like the GO Community Centre model, community based. They typically seek a civic donation of land. The building is built with a combination of public and private sponsorship/donation funds. The buildings are operated by an independent board of directors. Within the centres, clubs develop, and they provide the operating models for the use of the time in the centre.

The business plan for the centres involves income from sources such as lounge, food and beverage services, fitness and drop in child care. Players are charged access fees on an on going basis and drop in fees are also available for spontaneous users.

In Melbourne there is, on average, a basketball centre as described for every 100,000 in population. They range from 5 to 12 courts in size and are heavily utilized. Melbourne is in the state of Victoria, which has a population of just over 5 million. There are 63 basketball stadiums serving that population.

Discussions with the operators of the facilities report a significant component of children and youth interaction within the centres. This is attributed to day time facility use by youth through school programming, after school clinics and leagues, and weekend use on both a scheduled and spontaneous use basis.

The conclusion to be reached from the Australian model is that community based centres as proposed can work, and they have a significant impact on the community.

There are no similar basketball focused facilities in the Edmonton Region.

5.1.6. Utah Sports Centre

The Utah Sports Centre (USC) is a 62,000 square foot recreation facility that focuses on the sports of basketball and volleyball for the Lehi (Utah) Region. The facility includes eight regulation sized basketball courts (also used for volleyball) as well a fitness centre, concession, dance studio, administrative spaces, and spectator areas. The facility was opened in 2003 and is operated by a for profit organization.

The USC has over 272,000 unique users per year and is currently being used at 60% of capacity. The fitness centre has a membership of approximately 150. The USC offers court rentals (\$50/hr), direct basketball programming and other ancillary programs such as coaching clinics and drop-in programs.

There are no similar basketball / volleyball focused facilities in the Edmonton Region.

5.2. Participation in the Market: Basketball

Based on results from the 2004 Alberta Recreation Survey, a market of nearly 82,000 basketball participants exists in the Edmonton Metropolitan Area.

Alberta Recreation Survey (Edmonton Results, Alberta Community Development)				
	Participating Households	Actual Households (total households in Edmonton Metropolitan Area: 396,454)	Participating Respondents	Actual Participants (total population in Edmonton Metropolitan Area: 1,000,681)
2004 Survey Results	17.8%	70,569	8.2%	82,055

5.2.1. Basketball User Group Consultation

The Edmonton Grads Basketball Centre has been involved in the collection of market data for basketball participation and facility use in the Edmonton Region since April 2003.

The following needs assessment data has been collected in consultation with basketball user groups in the Edmonton Region, which in total represent over 5,600 members (Note: This number includes members of organized groups and is not indicative of overall participation levels). These user groups represent both youth (68% of total) and adult (32% of total) and cover a diverse range of abilities. The facilities, which these groups use now, are accessed primarily through the City Joint Use Agreement with local school boards. A new dedicated facility is needed to meet Edmonton's market demand, as can be seen in the following (this has been supported by the user groups and research incorporated into the budgetary process, see appendix):

- Approximately 10,500 court hours are consumed by local basketball user groups (as surveyed) not including elementary, secondary, and post secondary basketball programs.
- No basketball program currently exists for students other than those in organized secondary school programs.
- There is no central facility for basketball user groups with which to identify.
- As facilities are spread throughout the City, there are issues with facility access and geography.
- The ability for basketball groups to host tournaments is prohibited, as optimal gymnasium space is not always available and/or a centralized facility to host major tournaments (i.e. 6+ courts) is not accessible.
- The “Standards of Play” and current gymnasium allocation prohibits some basketball user groups from expanding their programs.

The demand for basketball facilities is apparent in existing organized basketball teams and leagues as well as spontaneous use outlets (pick-up) and other program expansion areas (youth that do not partake in secondary school programs). The basketball portion of the facility is expected to both enable basketball program expansion and boost existing joint use gymnasium utilization. The increased demand for participation in this sport at the GO Community Centre will allow for an increase in the number of participants in the sport of basketball overall. Therefore, there will be a greater need for court hours for both practice and competitive play from all sources.

The ability for groups to host tournaments will also be increased through the development of the GO Community Centre. An example of a basketball tournament of significant size presently hosted in Edmonton is the Edmonton Youth Grads Canada Day Tournament. This tournament has over 100 teams registered with a waiting list. Teams from the west coast of the U.S., the Caribbean, and Europe attend each year. Organizers for the event have a very difficult time scheduling the games because of a lack of available gymnasiums. Furthermore, the tournament would be enhanced if there was a central host facility such as the GO Community Centre. Teams would be able to watch each other play, see the results, and have opening and closing ceremonies in one location. Tournaments such as this one could be held throughout the summer months and into the fall, as well as during school holidays (i.e. Christmas and Spring Breaks). All other basketball tournaments in the city are very small, usually hosted at one school.

5.3. Participation in the Market: Volleyball

Based on results from the 2004 Alberta Recreation Survey, a market of nearly 65,000 volleyball participants exists in the Edmonton Metropolitan Area.

Alberta Recreation Survey (Edmonton Results, Alberta Community Development)				
	Participating Households	Actual Households (total households in Edmonton Metropolitan Area: 396,454)	Participating Respondents	Actual Participants (total population in Edmonton Metropolitan Area: 1,000,681)
2004 Survey Results	13.6%	53,918	6.6%	66,045

5.3.1. Volleyball User Group Consultation

The Alberta Volleyball Association recently completed a volleyball facility needs assessment for the Edmonton Region (Randall Conrad and Associates, 2004). The following excerpt explains the salient features of the needs assessment (entire document available under separate cover).

Although existing facilities do accommodate volleyball activities in the Region there are a number of statements that can be made in regards to facility use (for more information on facility needs for the Edmonton volleyball community, please refer to the AVA Facility Needs Assessment Study see Appendix):

- Approximately 10,200 court hours are consumed by volleyball user groups in the Region.
- There is expressed excess demand of ~2,500 court hours by volleyball user groups in the Region.
- There is no central facility for basketball user groups with which to identify.
- As facilities are spread throughout the City there are issues with facility access and geography.
- The ability for volleyball groups to host tournaments is prohibited as optimal gymnasium space is not always available and/or a centralized facility to host major tournaments (i.e. 6+ courts) is not accessible.
- The “Standards of Play” and current gymnasium allocation prohibits some volleyball user groups from expanding their programs.

The needs assessment completed in 2004 indicated that a volleyball specific facility would be well utilized, not only through meeting excess demand for facilities but by attracting groups currently using less than optimal facilities (school gymnasiums through joint use). The needs assessment studied the impact that accessing a dedicated volleyball facility would have on user groups and found that increased facility rental fees (as current access fees to joint use facilities are low) would have a negligible effect on groups, especially for the development of a facility that would only accommodate eight courts.

The sport of Volleyball is over 109 years old and is enjoyed at least once a week by an estimated 800 million participants worldwide³. The sport is predominantly played by those between the ages of 15-34 (over 75% of all participants) and is played in an organized form in 218 countries worldwide.⁴ Volleyball is the second most participated in sport in the world⁵ (preceded only by soccer).

Volleyball boasts the highest participation rate for females in Canada and ranks fifth in overall participation for males. There are approximately 2,310,000 participants in Canada, 39.8% of which play 12+ times per year, and 20% of which play 25+times per year. There are 56 women's and 50 men's college Volleyball programs (CCAA), and 35 women's and 25 men's university volleyball programs (CIS)⁶.

Alberta has the fourth highest volleyball participation rate in Canada at 10%. Only Ontario (35%), Quebec (28%), and B.C. (14%) claim higher participation in this sport.⁷

Within the City of Edmonton, participation in volleyball has been increasing. This increase has been especially evident in adults aged 25-34. Currently more than seven co-ed, men's, and women's adult volleyball leagues exist in the Edmonton metropolitan area. Other age groups that frequently participate in volleyball programs include youth and teens.

The ability to host volleyball tournaments in the City is limited due to the availability of a centralized site for the sport in the Region. Volleyball tournaments are currently held in various high school, college and university gymnasiums throughout the City. In order to run a proper volleyball tournament event in the Region today, there is a need for at least four to six different sites to handle the anticipated number of teams. Multi-site events increase the logistics required and reduce the atmosphere and quality of the event and these issues can only be resolved through the availability of one large centralized space with the number of courts needed.

5.4. Participation in the Market: Gymnastics

Based on results from the 2004 Alberta Recreation Survey a market of nearly 11,000 gymnastics participants exists in the Edmonton Metropolitan Area.

Alberta Recreation Survey (Edmonton Results, Alberta Community Development)				
	Participating Households	Actual Households (total households in Edmonton Metropolitan Area: 396,454)	Participating Respondents	Actual Participants (total population in Edmonton Metropolitan Area: 1,000,681)
2004 Survey Results	7.6%	30,131	1.1%	11,007

³ www.volleyball.com

⁴ As provided by Volleyball Canada, 2001

⁵ As provided by Volleyball Canada, 2001

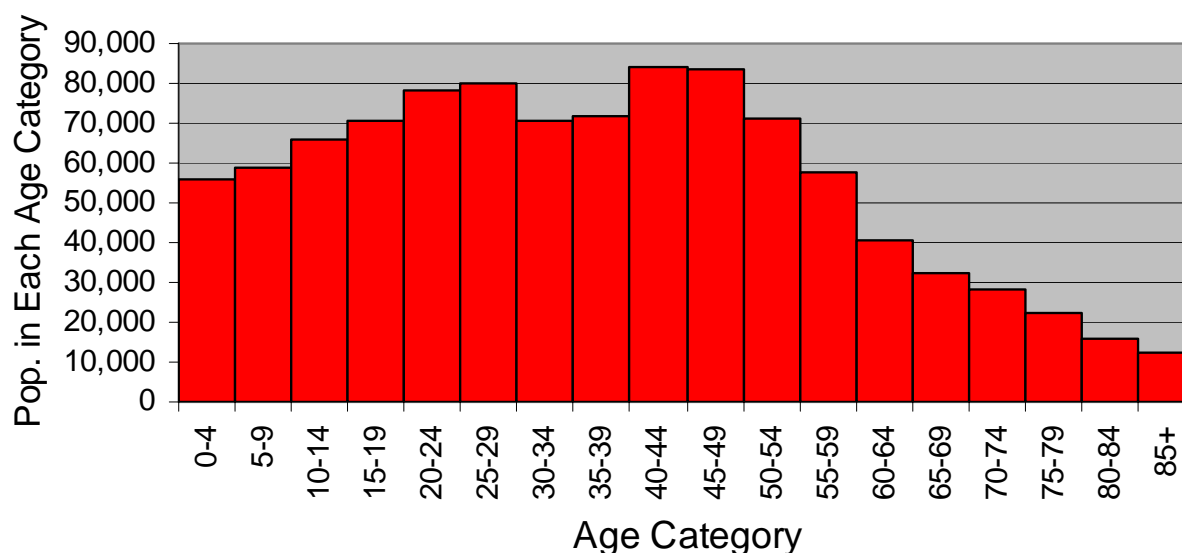
⁶ As provided by Volleyball Canada, 2001

⁷ As provided by Volleyball Canada, 2001

5.5. Market Population Analysis

The Edmonton metropolitan area has approximately 1,000,681⁸ residents. Of these residents, approximately 700,000 live within City limits.

Edmonton CMA 2005 Demographics



Source: City of Edmonton Planning Department (April, 2003)

As can be seen the largest age demographic categories are the 40-44, 45-49, and 25-29 groupings (8.4%, 8.4% and 8.0% of total respectively).

Based on City of Edmonton population projections, the market is expected to increase at a rate of 1.5% per annum over the next two years and 1.2% per year in 2008. Extrapolating the previously noted participation rates provide by the 2004 Alberta Recreation Survey (Alberta Community Development, 2005) leads to the following market sizes for the three core sport activities:

Market Size (% of population)	2005	2006	2007	2008
Basketball (8.2%)	82,000	83,000	84,000	85,000
Volleyball (6.6%)	66,000	67,000	68,000	69,000
Gymnastics (1.1%)	11,000	11,250	11,500	11,750
Total	159,000	161,250	163,500	166,750

Based on these short term projections provided by the City of Edmonton, the combined markets for the three core sports could reach 166,000 dedicated participants without accounting for any relative increase in actual participation (based solely on population growth).

Using the 1.2% per year growth estimate provided for 2008 and projecting it to 2015, this market would reach nearly 179,000 dedicated basketball, volleyball, and gymnastics participants of all ages in the Edmonton Region.

⁸ Based on City of Edmonton Planning Department population projections, 2003

6. ALTERNATIVES

6.1. Facility Development Alternatives

There are two main facility development options under consideration for the GO Community Centre. The first option includes the core areas for basketball (9 courts), volleyball (8 courts) and gymnastics (25,000 square feet) as well as small-scale public service amenities such as small retail spaces and a fitness area. The second development option includes the same core spaces, but includes enhanced public service amenities such as expanded fitness areas, child minding services and increased lease spaces for retail and professional health services.

6.1.1. Facility Development Option Overview

Facility Component / Size Breakdown (square footage)		
Facility Component	Option #1	Option #2
<i>Basketball Program Areas</i>	<i>77,231 (9 courts)</i>	<i>77,231 (9 courts)</i>
<i>Volleyball Programs Areas</i>	<i>34,337 (8 courts)</i>	<i>34,337 (8 courts)</i>
<i>Gymnastics Program Areas</i>	<i>25,080</i>	<i>27,000</i>
<i>Common Areas:</i>		
• Fitness / Wellness	2,336	10,764
• Concession	646	646
• Lounge	5,134	5,134
• Retail	721	6,997
• Walking Track	n/a	n/a
• Program Rooms	2,045	2,045
• Child Play	0	538
• Admin and Operations	21,140	27,211
<i>Sub total Common Spaces</i>	<i>32,022</i>	<i>53,335</i>
Total	168,670	191,903

Construction costs for this type of facility have been estimated through conversations with architects and design-build contractors. The estimated cost of \$105 per square foot (based on late 2004 pricing) does not include any costs for the land or any other City services that will be contributed, such as grading, utilities, landscaping, etc... This amount does build in a contingency of approximately 10%.

The construction cost breakdown for each option, based on a construction cost estimate of \$105 per square foot, is as follows:

GO Community Centre Capital Costing		
	Option #1	Option #2
Component Costs:		
Basketball	\$ 8,109,261	\$ 8,109,261
Volleyball	3,605,372	3,605,372
Gymnastics	2,633,400	2,835,000
Common	3,362,310	5,600,175
Original Component Capital Cost in 2005	17,710,342	20,149,807
Construction Cost increase 2004-06 (based on Jun 06 construction estimate)	6,275,658	7,140,193
Anticipated Construction Cost increase due to inflation (2008 start date, 20% per year)	4,755,000	5,410,000
GST at 3%	862,000	981,000
Engineering Allowance	1,000,000	1,000,000
Capital Cost at Construction Start Date	28,741,000	32,700,000
Other Costs:		
Campaign Administration and Management	1,050,000	1,180,000
Endowment	1,000,000	1,000,000
Sub Total Other Capital Cost	2,050,000	2,180,000
Total Capital Budget	\$ 31,653,000	35,861,000

Although it has a higher construction cost, the preferred construction development option is Option #2. There are a number of factors that have gone into the selection of the second development option as the ideal development model, namely:

- The ability for the facility to attract a broader user base (with a larger variety of recreational opportunities for all age groups).

- The ability for the facility to achieve an improved operating picture (as there are more revenue generating amenities in option #2).
- The ability of the amenities in option two to be able to meet the needs of the South / Southeast Edmonton user market for fitness / wellness.

The following analysis briefly explains the costs and benefits associated with expanding the GO Community Centre program to include larger (than option #1) fitness / wellness areas (including a walking track), a child play area, and added retail / professional lease spaces. The increased spaces equate to ~23,000 square feet and have substantial effects on construction and operating costs for the facility.

6.1.2. Intangible Cost Benefit

The intangible costs and benefits to selecting facility development option #2 rather than option #1 are as follows:

Cost	Benefit
Increased scope of operations (outside of areas of expertise).	Broader community user base.
Increased operational responsibility.	Broader demographic using the facility.
Target market shift to “community”.	Increased facility usage.

6.1.3. Tangible Cost Benefit

The tangible costs and benefits to selecting facility development option #2 rather than option #1 are as follows:

Cost	Benefit
Higher construction cost (~\$2.56M ⁹).	Higher facility traffic (+277,000 based on existing traffic estimates).
Higher operating expense (+\$539,496 increase in annual operating expenses).	Higher operating revenue (+\$718,000 increase in annual operating revenues).
	Better operating net (+\$238,504).

The above noted improved operating net figures have been calculated based on the projected operating budget as follows (Note: for more detailed information regarding the projected operating budget please see Appendix):

⁹ Based on construction costs of \$105/square foot

Operational Difference Summary	Option #1	Option #2	Difference	Explanation
Revenues				
Facility Visits	\$ 72,000	\$108,000	\$ (36,000)	100 (150) eligible users/day, 360 days/year, \$2/visit
Pass holder sales	\$204,000	\$ 51,000	\$153,000	1,000 (250) pass holders @ blended rate of \$17/month
Facility Drop In	\$432,000	\$144,000	\$288,000	150 (50) users/day, 360 days/year, \$8/use
Walking Track Drop In	\$ 72,000	\$ -	\$ 72,000	50 users/day, 360 days/year, \$4/use
Child Play Drop In	\$ 45,000	\$ -	\$ 45,000	25 children / day, \$5/child, 360 days/year
Leases				
Retail/Professional	\$130,000	\$ -	\$130,000	6500sq.ft. @ \$20/
Concession	\$ 12,500	\$ -	\$ 12,500	500sq.ft. @ \$25/
Fitness Centre Naming	\$ 3,500	\$ -	\$ 3,500	\$3,500/year
Fitness Programming	\$ 50,000	\$ -	\$ 50,000	
Total Revenue Difference			\$718,000	

Operational Difference Summary	Option #1	Option #2	Difference	Explanation
Expenses				
Fitness equipment maintenance and replacement	\$ 52,500	\$ -	\$ 52,500	15% of value (\$350,000)
Janitorial	\$319,304	\$278,306	\$ 40,998	\$1.65/square foot
Utilities	\$319,304	\$278,306	\$ 40,998	\$1.65/sq.ft.
Facility maintenance	\$ 50,000	\$ 45,000	\$ 5,000	Base level repairs and maintenance
Building Insurance	\$ 8,000	\$ 7,000	\$ 1,000	0
Capital Replacement	\$345,000	\$300,000	\$ 45,000	1.5% of capital \$18M (\$16M)
Customer Service Representatives	\$210,000	\$140,000	\$ 70,000	6 (4) at \$35,000/year
Fitness Programmers	\$175,000	\$ -	\$175,000	5 at \$35,000/year
Benefits	\$131,000	\$ 2,000	\$ 49,000	20% of salaries
Total Expense Difference			\$ 479,496	
Total Net Operational Difference			\$ 238,504	

6.1.4. Option #2: Expansion Feasibility

The improved annual operating net operations (\$238,504) would equate to the following dollar amounts (2006 dollars) based on the following amortization terms:

Construction Funds Generated By Net Operational Savings				
years/rate	5%	6%	7%	8%
10	\$1,841,666	\$1,755,412	\$1,675,154	\$1,600,382

15	\$2,475,592	\$2,316,412	\$2,172,276	\$2,041,471
20	\$2,972,289	\$2,735,624	\$2,526,717	\$2,341,669
25	\$3,361,465	\$3,048,884	\$2,779,428	\$2,545,979

Based on a variety of amortization terms, the net operational savings associated with option #2 would generate between \$1.6M and \$3.4M that could be allocated to construction of the required additional spaces (approximately \$2.56M).

Note: The operating budget used in this analysis is to be considered conservative in estimating fitness pass holders, which could be considerably higher. The ability to sell passes enables the facility to have a greater “upside” potential as compared to straight time based rentals of the basketball and volleyball venues.

6.1.5. Phased Development

Developing either of the identified facility models through a phased approach is contingent upon the level of fundraising achieved. If a reduced development model is necessary, decreases in the amount of program space (i.e. basketball, volleyball, and gymnastics programs areas) may be necessary. The decrease in program space would prohibit program use of the facility in the short term but design provisions would be made to accommodate future expansion of program spaces as funding permits. A decrease in common spaces instead of program spaces would increase the annual operating net of the facility (as explained in previous sections) and would be detrimental to the use of the facility as a “community centre”. Therefore a decrease in program space will affect the ability of the specific program areas to provide for the community but will not significantly compromise the operations of the common areas nor the attractiveness of the facility to community users.

For the purposes of this business case, the development of option #2 is ideal and will be the desired development option excluding any development phasing.

6.2. Site Development Alternatives

Recognizing the need for a significant parcel of land to build the centre on, the GO Community Centre group approached two parties to explore the possibility of land donation.

The first was The City of Edmonton and their Community Services Department who were introduced through City Council. The City is in favour of groups who operate “specialty Facilities” such as ours, as evidenced by the City of Edmonton Recreation Facility Master Plan (see Appendix) which contains the following recommendation:

“The City should explore the range of potential funding sources for public recreation facilities, including partnerships with other orders of government, not-for-profit organizations, and the private sector....”

(City of Edmonton Recreation Master Plan, 2004)

The City responded favourably and over several months developed a review process of all suitable lands under control of Community Services. Initially 80 sites were reviewed, that list was short listed to 11 candidate sites. A detailed analysis of each site was completed, and the site which

emerged as the best was the John Fry Park (92 street and 28 avenue). This has been listed as Location 1 in the following site analysis.

The second group approached was the University of Alberta. The University has recently developed sporting facilities at the South Campus area and has land available in that area. The benefits associated with the South Campus site is the proximity to LRT transportation. It would be an advantage to have the building located on, or near, the LRT route although it is not an essential component of the GO Community Centre. Discussion with U of A officials lead to hesitation about the large size of the footprint for the building, and the fact that the South Campus area is in an emerging situation relative to the use by various faculties of the available lands.

The Steadward Centre is located at the University of Alberta main campus. The Centre is presently undergoing a public campaign for funding of a new facility to accommodate their programs. They have approached the GO Community Centre to consider a partnership which would involve a parcel of land immediately to the north of the Alberta School for the Deaf at the South Campus location. This option has been listed as Location 2 in the following site analysis.

6.2.1. Location 1: John Fry Park

6.2.1.1. Site: Overview

This option would entail development of the facility at John Fry Park, located at 28 Avenue and 92 Street. The existing site includes a number of outdoor ball diamonds (class b), washroom facilities and a concession area. The site also includes 16 beach volleyball courts (opened in summer 2005) which are located adjacent to the proposed facility footprint.

6.2.1.2. Site: Synergies / Stakeholders

The site is located adjacent to large established and growing residential subdivisions to the East and South. Access to and from the site is sufficient and the adjacent lands are scheduled to include a major transport system terminal. The parcel of land is 13.59 acres and adjacent lands may also provide the opportunity to have off-site parking, thereby improving the potential of the site for future expansion.

This site has been preliminarily allocated to the GO Community Centre by the City of Edmonton and is already in use by the Alberta Volleyball Association which has constructed 16 beach volleyball courts adjacent to the proposed facility footprint. The courts were opened in spring 2005 and since have hosted the Edmonton Beach Volleyball league (approximately 6,000 user visits in summer 2005) and the World Master's Games (an international sporting event with an estimated 500 beach volleyball participants and an additional 2,500 beach volleyball spectators in summer 2005).

6.2.1.3. Site: Cost

The site synergies, including the existence of the beach volleyball courts and existing athletic fields on the site and the fact that the City has preliminarily allocated the site to the partnership solidifies John Fry Park as the best site for the GO Community Centre.

6.2.1.4. Site: Social Implications

John Fry Park has gained a reputation as a publicly accessible sports park owned by Edmontonians. The addition of the GO Community Centre facility operated by a not-for-profit group will have great political appeal, and thus attraction of politically generated financial support.

6.2.2. Location 2: Lands Adjacent to the University of Alberta South Campus

6.2.2.1. Site: Overview

This option would entail constructing the facility on land owned by the Province of Alberta north of the School for the Deaf adjacent to the University of Alberta's South Campus. Development on this site would ultimately affect stakeholders such as the Steadward Centre, University of Alberta, Tevie Miller Heritage School, and the Province of Alberta.

6.2.2.2. Site: Synergies / Stakeholders

The rationale behind such an expanded partnership development would include a number of synergies between the University of Alberta South Campus and the GO Community Centre including:

- Increased training and faculty research opportunities for the University of Alberta.
- Joint utilization of shared spaces will include economies of scale in operational costs as well as decreased duplication of resources (i.e. shared office / common spaces).
- Increased awareness and accessibility of GO Community Centre with the University of Alberta user market.
- Central location for access from all areas of the City.
- Usage synergies will also exist with the School for the Deaf and Tevie Miller School in that these two schools will have access (complimentary to intended use) to world class gymnasium facilities for their respective physical education curriculums.

6.2.2.3. Site: Issues

Although a number of synergies would exist due to the large number of stakeholders who would benefit from the project, there are also issues with facility control, site availability and timing, and site access that demand consideration:

- Plans call for the facility to be controlled by three operating partners. Incorporating all of the above mentioned stakeholders into the facility operation would increase the number of operating partners to at least 5 and would add substantially to the complexity of the decision making and operating process. As the GO Community Centre, the Steadward Centre, and the University of Alberta will all be representing their own respective user markets, complications would arise that even a well-formulated ownership and operational contract could not ratify.

6.2.2.4. Site: Cost

The cost of the lands adjacent to the University of Alberta South Campus site is also an unknown. The parcel of land, located in a prime location for a number of uses, does have some controls as to what it can be used for but is likely sought after by a number of groups.

6.2.2.5. Site: Social Implications

The objectives of the three primary stakeholders (basketball, volleyball, and gymnastics) are to provide focus and opportunity to greater Edmonton residents. A campus location may create the perception that the GO Community Centre is a campus facility with limitations to access for Edmonton residents.

6.2.3. Site Selection Conclusion

Based upon the facility development option and site option analyses presented in this section the preferred facility development option is option #2 and the preferred site option is location #1: John Fry Park.

6.2.4. Facility Concept Plan



LEGEND

BASKETBALL	LOUNGE
VOLLEYBALL	LOBBY
GYMNASTICS	RETAIL
MECHANICAL	SERVICE
ADMINISTRATION	FITNESS
CHILD PLAY	MULTI-FUNCTIONAL

7. BUSINESS & OPERATIONAL IMPACTS

7.1. Intangible Impacts

7.1.1. Operational Responsibility and Risk

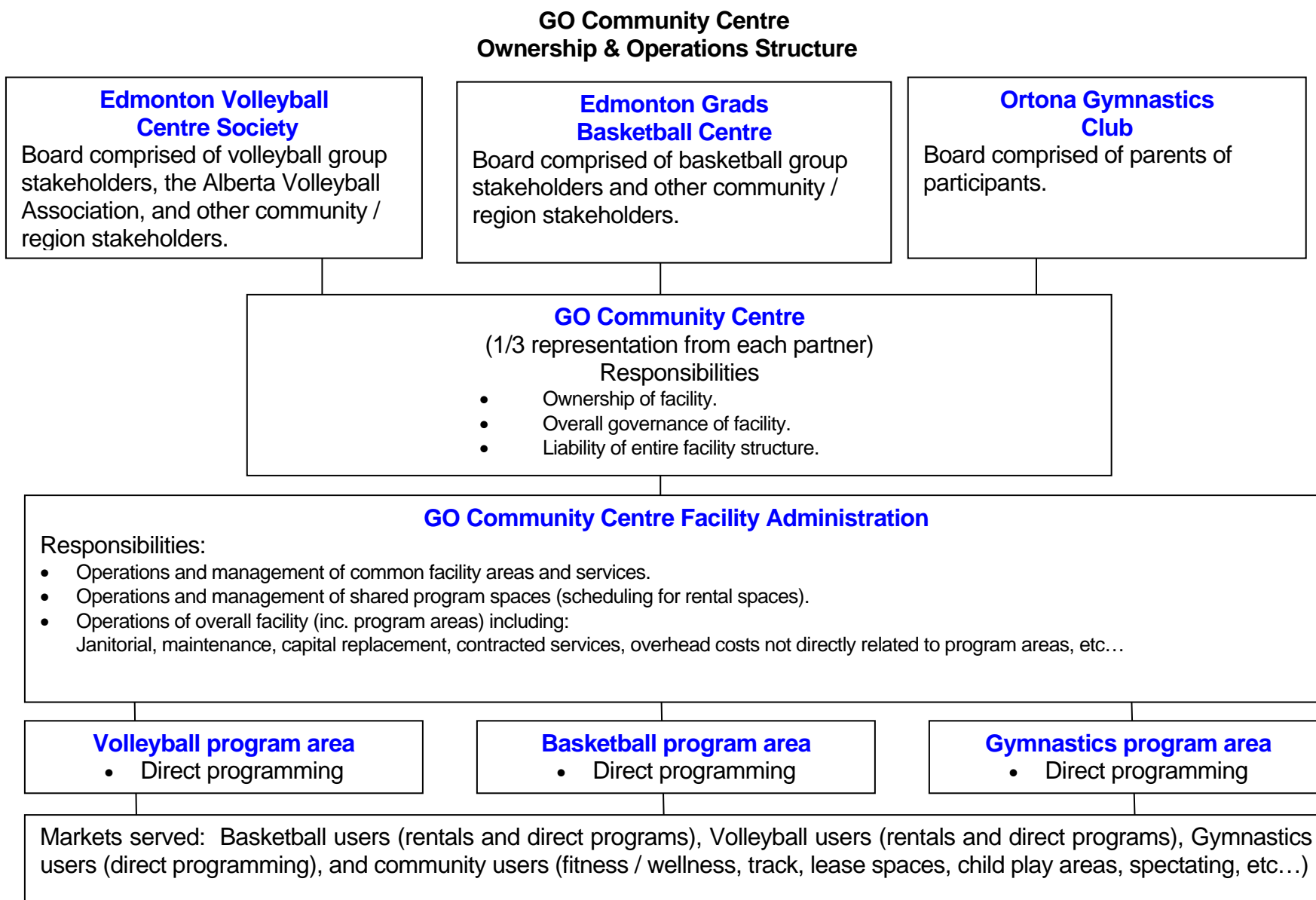
There are a number of responsibilities and risks that are innate to operating a recreational facility. Marketing the facility and renting / programming it to capacity will be key to ensuring operational recovery levels are met and that the venue is sustainable. There are a number of techniques that can be used in minimizing risks (to be analyzed in further phases of this project), yet some level of risk will always be prevalent in revenue generation and expense. Being aware of these risks and preparing for “worst case scenario” situations may help reduce the effects of shifts in operating variables that may occur.

7.1.2. Competition with Schools and other Non-profit / Private Organizations

The moment the new Centre opens its doors it will find itself in competition with school, non-profit and private sector rental facilities and programs. The level at which this competition occurs depends on market demand, the size and quality of the facility and rates charged for rentals. The intention of the Board in competing in the facility rental market is to guide how, and to whom, the facility is marketed in such a way that maximizes public use of the facility and minimizes negative impacts on other facilities in the market.

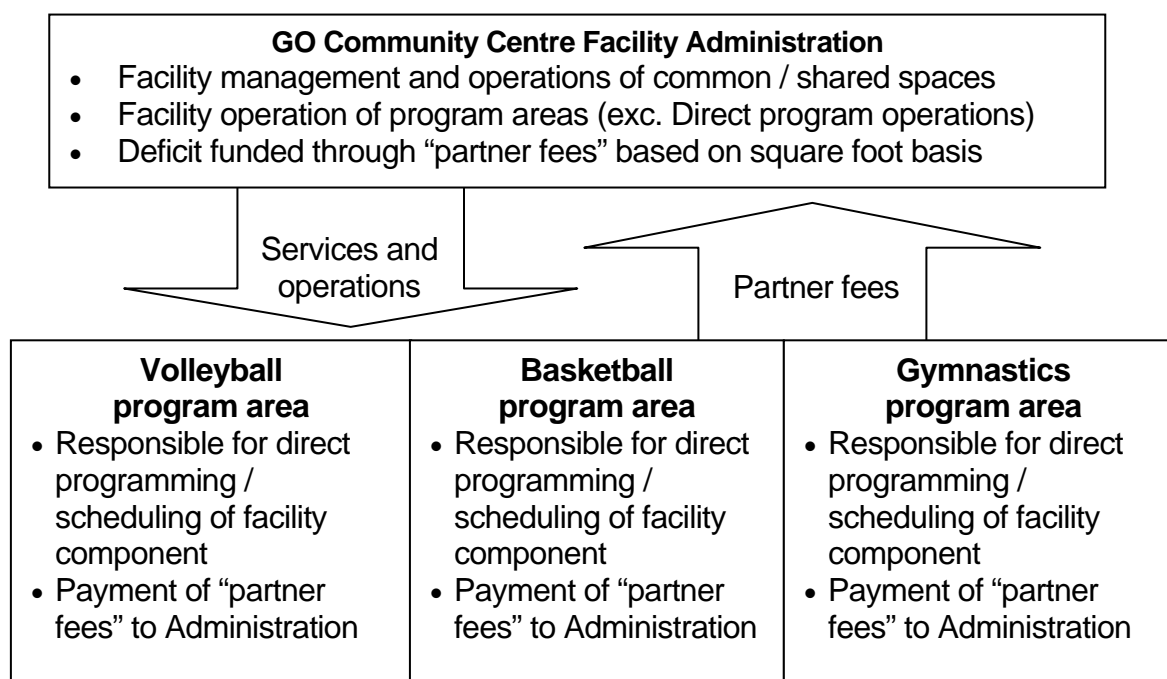
The operating impacts to each partner, in terms of how each will communicate and operate within the context of the GO Community centre, is explained in the chart on the following page:

7.1.3. Organization Structure



7.2. Tangible Impacts

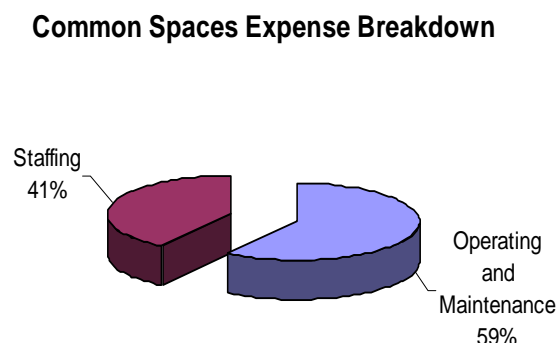
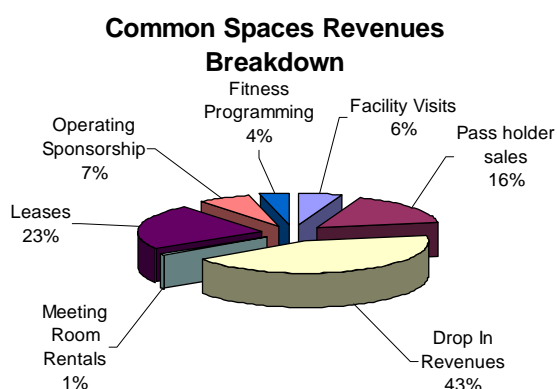
The operating structure of the GO Community Centre will be as follows:



Each partner will run their own space within the GO Centre, and receive the operational revenues and pay associated expenses for their space. The common area will be run on a cost recovery basis, with net revenues or deficits being allocated back to the individual partners based on the square footage that each partner uses within the GO Centre. As such, there are four operating budgets associated with the GO Community Centre Facility. There will be an operating budget for each partner as well as an operating budget for the common areas and facility management, operations, and administration.

Based on this operating structure, the following estimated operating budget has been developed for the “common spaces”

GO Centre Common Spaces Operating Budget Summary		
Revenues	\$	% of Total
Facility Visits	\$ 72,000	6%
Pass holder sales	\$ 204,000	16%
Drop In Revenues	\$ 549,000	44%
Meeting Room Rentals	\$ 12,500	1%
Leases	\$ 287,500	23%
Operating Sponsorship	\$ 86,000	7%
Fitness Programming	\$ 50,000	4%
Total Revenues	\$ 1,261,000	100%
Expenses		
Operating and Maintenance	\$ 1,162,608	59%
Staffing	\$ 795,000	41%
Total Expenses	\$ 1,957,608	100%
Net Operations	\$ (696,608)	
Operational Recovery	64%	



(For more detailed information on projected operating budget assumptions see Appendix):

7.2.1. Five Year Projected Operating Budget and Associated Partner Fees

GO Centre Common Areas Budget Summary: Five Year Projections						
Revenues	Year One	Year 2	Year 3	Year 4	Year 5	Assumption
Facility Visits	\$ 72,000	\$ 74,880	\$ 77,875	\$ 80,990	\$ 84,230	Increased facility visits at 4% per year
Pass holder sales	\$ 204,000	\$ 265,200	\$ 330,970	\$ 401,576	\$ 477,302	Increased facility pass holders at 250 per year, 4% increase in pass holder rates per year
Drop In Revenues	\$ 549,000	\$ 570,960	\$ 593,798	\$ 617,550	\$ 642,252	Increased facility drop in rates at 4% per year, no increase in actual drop ins
Meeting Room Rentals	\$ 12,500	\$ 13,000	\$ 13,520	\$ 14,061	\$ 14,623	Increase in rental fees of 4% per year
Leases	\$ 287,500	\$ 290,375	\$ 293,279	\$ 296,212	\$ 299,174	Increase in facility lease rates reflecting operating cost inflation (25%op.cost portion of lease rate inflated at 4% per year)
Operating Sponsorship	\$ 86,000	\$ 86,000	\$ 86,000	\$ 86,000	\$ 86,000	No change as contract would be a minimum of 5 years
Fitness Programming	\$ 50,000	\$ 52,000	\$ 54,080	\$ 56,243	\$ 58,493	Increase of 4% per year
Total Revenues	\$ 1,261,000	\$1,352,415	\$1,449,522	\$1,552,633	\$1,662,074	
Expenses						
Operating and Maintenance	\$ 1,162,608	\$1,209,113	\$1,257,477	\$1,307,776	\$1,360,087	Increase costs at 4% per year
Staffing	\$ 795,000	\$ 834,750	\$ 876,488	\$ 920,312	\$ 966,327	Increase staffing costs at 5% per year to include increased salaries and increased staffing needs
Total Expenses	\$ 1,957,608	\$2,043,863	\$2,133,965	\$2,228,088	\$2,326,415	
Net Operations	\$ (696,608)	\$ 691,448)	\$ 684,443)	\$ (675,456)	\$ (664,341)	
Operational Recovery	64%	66%	68%	70%	71%	

Partner Contributions over the next five years would therefore be projected as follows:

Annual Contributions Required					
*Based on Budget Presented					
	Year 1	Year 2	Year 3	Year 4	Year 5
Volleyball	\$ (175,044)	\$ (173,747)	\$ (171,987)	\$ (169,729)	\$ (166,936)
Basketball	\$ (393,711)	\$ (390,795)	\$ (386,836)	\$ (381,756)	\$ (375,474)
Gymnastics	\$ (127,853)	\$ (126,906)	\$ (125,620)	\$ (123,971)	\$ (121,931)
Net Operations on Common Spaces	\$ (696,608)	\$ (691,448)	\$ (684,443)	\$ (675,456)	\$ (664,341)

7.2.2. Partner Fees

Partner fees for the operations of the common spaces will be paid by each partner and will be allocated on a square footage basis. The following chart explains the basis for fee allocation:

Contribution Basis	Square Feet	Proportion
Volleyball	34,337	24.8%
Basketball	77,231	55.7%
Gymnastics	27,080	19.5%
Total Dedicated Spaces	138,648	100.0%

Using this basis for allocation, the following fees are estimated for each partner payable on an annual basis:

Annual Contributions Required	
*Based on Estimated Common Areas Operational Budget	
Volleyball @ 24.8%	\$ (172,519)
Basketball @ 55.7%	\$ (388,031)
Gymnastics @ 19.5%	\$ (136,058)
Net Operations on Common Spaces	\$ (696,608)

7.2.3. Partner Operating Budgets

In order to operate their respective programs and pay for the partner fees associated with the centre (rent), the partners have proposed the following operational budgets and assumptions. These budgets also illustrate the solid financial foundation of each partner, along with their ability to support the identified common area assessment.

Please note that Ortona is currently running an existing domed structure and will be moving into the GO Centre upon completion. To better illustrate the viability of their existing operations along with the benefits of moving into the new facility, the Ortona operating budgets illustrate existing operations compared with the new facility budgets

GO Centre Partners First Year Operating Budget Summary

Partner	Revenue	Operating Expenses	GO Centre Assessment	Net Operating Surplus
Basketball	731,960	331,810	393,711	6,439
Volleyball	398,660	169,337	175,044	54,279
Gymnastics	1,000,588	779,386	127,853	93,349
GO Centre	1,261,000	1,957,608	-696,608	0
Total	3,392,208	3,238,141	0	154,067

(For detailed partner operating budgets, see appendix Detailed Operations and Partner Budgets):

7.2.3.1. Edmonton Grads Basketball Centre Programming Budget

The Edmonton Grads program area is expected to operate at approximately 60% of prime time gymnasium capacity. At this rate the annual operating expenses including staffing, maintenance,

insurance, supplies, equipment and partner assessment would total approximately \$514,000 annually

To meet this operating expense, the Grads will offer the following community services:

1. Rentals to the following groups:
 - Edmonton Youth Basketball Association
 - Edmonton Basketball Association
 - Club Teams (Youth / Junior level)
 - Northern Lights wheelchair basketball
2. Programs operated by the organization including:
 - Spring and Fall Leagues (adult and youth)
 - Tournaments (adult and community)
 - Summer Camps
 - High School Preparation Clinics
 - High School and Junior High School Tournaments
 - Drop-in

The Grads expect to generate a small positive net annual operating surplus of \$6,400 in the first year, growing to 123,539 by year 3. For further detailed budget information, refer to the appendix Operating and Partner Budget Details.

7.2.3.2. Edmonton Volleyball Centre Society Programming Budget

The Edmonton Volleyball Centre Society program area is expected to operate on a year round basis. Under medium use assumptions the annual operating expenses associated with the partner fees, staffing, maintenance, insurance, supplies, and equipment would be approximately \$342,000 annually.

To meet these operating expenses, the Volleyball area will offer the following community services:

1. Rentals to the following groups:
 - Millwoods Volleyball League
 - Edmonton Volleyball Association
 - Local Club teams (Youth and Junior level)
2. Programs operated by the organization including:
 - Fall Leagues (adult and youth)
 - Tournaments (adult and community)
 - Summer Camps
 - Spring Leagues (adult and youth)
 - High School Preparation Clinics
 - High School and Junior High School Tournaments
 - Drop-in

The Edmonton Volleyball Centre Society expects to generate a positive net operating situation annually. For further detailed budget information, refer to the appendix Operating and Partner Budget Details.

7.2.3.3. Ortona Gymnastics Club Programming Budget

The Ortona Gymnastics Club is different than the other two partners as they operate in a competitive environment with other non-profit service providers (clubs). Based on existing programs and the expansion of their facility and program offerings, Ortona expects to incur expenses of approximately \$900,000 annually including the GO Centre assessment, staffing, maintenance, insurance, supplies, and equipment.

Aside from increasing the overall size of the facility by approximately 11,000 square feet, the Ortona portion of the facility will also include a dedicated “pit” and areas for trampoline programming providing a venue for types of activities that do not currently exist in the region.

The Ortona Gymnastics Club expects to continue to generate a positive net operating situation annually, and will realize significant savings in facility maintenance and utilities when they move to the GO Centre. For further detailed budget information, refer to the appendix Operating and Partner Budget Details.

8. PROJECT RISK ASSESSMENT

8.1. Construction Cost / Fundraising Risk

The present fundraising goal of the committee is broken down as follows:

GO Community Centre Fundraising Plan		
Source	Amount	Percentage
Municipal, Provincial and Federal Government Capital Funding	\$27,000,000	69%
Municipal Government – Land (approximate value)	3,000,000	8%
GO Community Centre Private Campaign	9,000,000	23%
Total	\$39,000,000	100.0%

Note: The construction costs identified and the associated fundraising strategy are based on 2005 dollars. It is important to realize that due to the existing market conditions in the Province of Alberta, construction costs are increasing at rates between 1% and 1.5% per month therefore increasing the capital costs of development and the associated funds necessary.

Note 2: It is anticipated that the City of Edmonton will assist with cost reductions for services after building completion.

If this fundraising goal is not achieved, it will be necessary for the GO Community Centre to take on a debenture payment in order to amortize the construction costs associated with building. Assuming that the construction cost of the facility is \$22,500,000 and the amortization terms of a debenture accessed by the GO Community Centre to handle any capital shortfalls are 25 years at 5% per year, the annual contribution by each partner will be affected as follows:

If the GO Community Centre can fundraise...				
Amount raised:	\$5M	\$10M	\$15M	\$20M
Total debenture required:	\$17,500,000	\$12,500,000	\$7,500,000	\$2,500,000
Total debenture payment:	(\$1,241,668)	(\$886,906)	(\$532,143)	(\$177,381)

Edmonton Grads Basketball Centre contribution...				
Amount raised:	\$5M	\$10M	\$15M	\$20M
Operating Contribution:	(\$388,032)	(\$388,032)	(\$388,032)	(\$388,032)
Payment on Debenture:	(\$691,646)	(\$494,033)	(\$296,420)	(\$98,807)
Total Annual Commitment:	(\$1,079,678)	(\$882,065)	(\$684,452)	(\$486,838)

Edmonton Volleyball Centre Society...

Amount raised:	\$5M	\$10M	\$15M	\$20M
Operating Contribution:	(\$172,519)	(\$172,519)	(\$172,519)	(\$172,519)
Payment on Debenture:	(\$307,505)	(\$219,647)	(\$131,788)	(\$43,929)
Total Annual Commitment:	(\$480,024)	(\$392,165)	(\$304,307)	(\$216,448)

Ortona Gymnastics Club...

Amount raised:	\$5M	\$10M	\$15M	\$20M
Operating Contribution:	(\$136,058)	(\$136,058)	(\$136,058)	(\$136,058)
Payment on Debenture:	(\$242,516)	(\$173,226)	(\$103,936)	(\$34,645)
Total Annual Commitment:	(\$378,574)	(\$309,284)	(\$239,993)	(\$170,703)

8.2. Operational Risk

The operational risk associated with the GO Community Centre common area operations (i.e. that which directly affects the partner fees) is inherent in the generation of revenues through usership. The main components of common area revenue are pass holders and drop-ins. The impact of these two revenue components on the overall facility operating net is demonstrated in the following sensitivity analysis (Note: the following analysis has been developed based on the projected GO Community Centre operational budget as a base case – indicated in **bold**. For more detailed information on projected operating budget assumptions please refer to the GO Community Centre Operational Analysis Version 2.2 Appendix 9):

Sensitivity Analysis: Pass holders

Pass holder level effects on “Common Spaces” Net Operations		Associated Partner Fees		
Pass holders (average annual)	Net Operations	Basketball	Volleyball	Gymnastics
500	\$ (723,608)	\$ (403,072)	\$ (179,205)	\$ (141,331)
1,000	\$ (621,608)	\$ (346,255)	\$ (153,945)	\$ (121,409)
1,500	\$ (519,608)	\$ (289,437)	\$ (128,684)	\$ (101,487)
2,000	\$ (417,608)	\$ (232,620)	\$ (103,423)	\$ (81,565)
2,500	\$ (315,608)	\$ (175,803)	\$ (78,162)	\$ (61,643)
3,000	\$ (213,608)	\$ (118,986)	\$ (52,901)	\$ (41,721)
3,500	\$ (111,608)	\$ (62,169)	\$ (27,640)	\$ (21,799)
4,000	\$ (9,608)	\$ (5,352)	\$ (2,380)	\$ (1,877)
4,500	\$ 92,392	\$ 51,465	\$ 22,881	\$ 18,045
5,000	\$ 194,392	\$ 108,282	\$ 48,142	\$ 37,968

Note: Breakeven on “Common Spaces” operations estimated at 4047 pass holders.

Sensitivity Analysis: Drop-Ins

Drop-in level effects on “Common Spaces” Net Operations		Associated Partner Fees		
Drop-Ins (average daily)	Net Operations	Basketball	Volleyball	Gymnastics
25	\$ (981,608)	\$ (546,785)	\$ (243,100)	\$ (191,723)
50	\$ (909,608)	\$ (506,679)	\$ (225,269)	\$ (177,660)
75	\$ (837,608)	\$ (466,573)	\$ (207,438)	\$ (163,597)
100	\$ (765,608)	\$ (426,467)	\$ (189,607)	\$ (149,535)
125	\$ (693,608)	\$ (386,361)	\$ (171,776)	\$ (135,472)
150	\$ (621,608)	\$ (346,255)	\$ (153,945)	\$ (121,409)
175	\$ (549,608)	\$ (306,148)	\$ (136,113)	\$ (107,347)
200	\$ (477,608)	\$ (266,042)	\$ (118,282)	\$ (93,284)
225	\$ (405,608)	\$ (225,936)	\$ (100,451)	\$ (79,221)
250	\$ (333,608)	\$ (185,830)	\$ (82,620)	\$ (65,159)

8.3. Partner Risk

The risk of one of the three partners opting out of the GO Community Centre, although very minimal, has been identified and addressed. Built into the memorandum of understanding and partner contract is an exit clause that will require any partner wishing to opt out to adhere to pre-defined financial compensation, timing, and operational requirements.

8.4. Experience of Partner Organizations in Operating Facilities

Ortona Gymnastics Club has been successful in offering facilities and programming for children and youth for almost 30 years.

In the past couple of years representatives for the basketball program have been approached by experienced individuals about the potential of operating the GO Community Centre. These individuals have managed, or are managing, at both the public and collegiate levels all aspects of coordination of basketball teams and facilities.

Alberta Volleyball has been running a beach volleyball facility for over 15 years in Edmonton, in addition to another beach volleyball facility in Sylvan Lake. The GO Community Centre will be a completely different facility (indoor) but the programming component of the facility is where AVA's expertise lies. The EVA has been operating leagues in Edmonton for over 30 years. Alberta Volleyball has been running programs and tournaments for over 30 years. Most of the volleyball clubs involved have been running programs for over ten years.

The actual maintenance and facility management will be handled by a professional facility manager who will hire necessary staff to run and maintain the facility.

8.5. Risk of Not Proceeding with Project (Status Quo)

Our society has awakened to the fact that the goals of health, active living, and the over-all wellness of Albertans have never been greater. Incidence of child obesity, heart disease, stroke and diabetes are on the rise and while health awareness marketing abounds in public service media, it is only one aspect of improving the well-being of Albertans. With growing population in our province, health and wellness infrastructure, or places to recreate indoors during winter months, is lagging behind. Our school systems and their accompanying gymnasiums and physical education curricula were an effective solution to the physical health of youth over the past four decades, however, reductions in our school aged population have effectively reduced the number of schools per population, curriculums and programs no longer emphasize physical activity, and there are fewer gymnasiums available to community based programming like basketball, volleyball and gymnastics. In fact, gymnastics, which originated within the school physical education curriculum, is now rare in the public school system and now remains in the private and not-for-profit service domain.

Continued reliance upon school systems supplying gymnasium infrastructure and thus healthful community activity will lead to an even greater undersupply of places to recreate. The challenge has been clearly passed on to local government, volunteer groups, and the private sector, the latter of which can only accommodate a narrow market when it comes to affordability.

The effective solution lies with governments and not-for-profit service providers working together through an alliance in funding, development and ongoing operations of indoor active use spaces. Aging of population will not diminish the demand for socially active team sports like volleyball and basketball and the developmental aspects of gymnastics, competitive level volleyball and basketball will continue to rise with our national and provincial athletic goals.

The “GO Community Centre” alliance is a worthy solution to ensure for needed infrastructure and healthful programs to serve all Edmontonians. Without it, the growing demands for affordable indoor sports and recreation activity choice will not be met.

9. COST/BENEFIT ANALYSIS

9.1. Quantitative Analysis – Financial Cost & Benefit

9.1.1. Construction Capital Cost

The following construction costs have been based on the floor plan found on the following page. These estimates include site, structure and baseline furniture, fixtures and equipment.

	Preferred Model
Component Costs:	
Basketball	\$ 8,109,261
Volleyball	3,605,372
Gymnastics	2,835,000
Common	5,600,175
Original Component Capital Cost in 2005	20,149,807
Construction Cost increase 2004-06 (based on Jun 06 construction estimate)	7,140,193
Anticipated Construction Cost increase due to inflation (2008 start date, 20% per year)	5,410,000
GST at 3%	981,000
Engineering Allowance	1,000,000
Capital Cost at Construction Start Date	32,700,000
Other Costs:	
Campaign Administration and Management	1,180,000
Endowment	1,000,000
Sub Total Other Capital Cost	2,180,000
Total Capital Budget	35,861,000

Note: One of the goals of the GO Community Centre is to be able to help those in need access programs and facilities. As illustrated above, this assistance will be accomplished through the development of an Endowment Fund to enable a broader socio-economic user base for each of the core activity spaces (basketball, volleyball, and gymnastics).

9.1.2. Operating Cost

A summary of the previously presented annual operating budget is as follows:

GO Centre Common Spaces Operational Budget Summary		
Revenues	\$	% of Total
Facility Visits	\$ 72,000	4%
Pass holder sales	\$ 204,000	10%
Drop In Revenues	\$ 549,000	28%
Meeting Room Rentals	\$ 12,500	1%
Leases	\$ 287,500	15%
Operating Sponsorship	\$ 86,000	4%
Fitness Programming	\$ 50,000	3%
Partner Operating Contributions:		
• Edmonton Grads Basketball Partner Fees	\$ 388,032	20%
• Edmonton Volleyball Society Partner Fees	\$ 172,519	9%
• Ortona Gymnastics Partner Fees	\$ 136,058	7%
Total Revenues	\$ 1,957,608	100%
Expenses		
Operating and Maintenance	\$ 1,162,608	59%
Staffing	\$ 795,000	41%
Total Expenses	\$ 1,957,608	100%
Net Operations	\$ -	
Operational Recovery	100.0%	

Note: The break even budget is attributed to the three partner organizations covering the common space operational deficit through the identified partner fees.

9.1.3. Timeframe

As the facility has allocated an amount of its annual operating budget to facility life cycle planning (1.5% of Construction or approximately \$345,000/year) the facility will operate perpetually.

9.1.4. Benefits

The most obvious financial benefits to moving ahead with the project and operation at this time, is to reduce the impact of escalating construction costs. Construction costs are estimated to be increasing between 1% and 1.5% per month in Alberta based on increased costs of building inputs (steel and other commodities) and human capital (trades, laborers) originating from a strong development “boom” in the natural resource industry in Central and Northern Alberta.

Also, Alberta’s Economic Advantage, rooting from the same “boom” in the natural resource industry has enabled the provincial government to recover from historical debt levels and actually

offer financial assistance to Albertans in the development of new infrastructure and facilities. The opportunity for this assistance will not last forever and therefore moving ahead with projects that could potentially draw provincial government assistance should not be postponed.

The final benefit to moving ahead now is the fact that significant community support has already been attained for the project. Commitments by user groups to pay increased fees, and forecasts of program expansion can only be realized within a certain timeframe before momentum and support is lost. There has been significant effort by all stakeholders in garnering this support and momentum and postponing the project will only detract from what has already been accomplished.

9.2. Qualitative Analysis – Non-Financial Benefits & Costs

9.2.1. Youth Fitness & Health

Reversing youth inactive lifestyles and poor eating habits is one of the major health care challenges of this decade. According to the 2000/01 Canadian Community Health Survey (CCHS), 56% of Canadian youth aged 12-19 were physically inactive. The report also indicates that as many as 82% of youth may not have been active enough to meet international guidelines for optimal growth and development. The following statements further explain the state of physical inactivity in today's society and the recognized need to reverse it:

- The Canadian Medical Association reports that \$2.1 billion of Canada's health care costs were attributable to diseases resulting from physical inactivity.
- According to the Canadian Community Health Survey, almost two-thirds of Canadians think that government should increase spending to provide opportunities for physical activity and 19% say that much more should be spent in this area.
- The Alberta Schools Athletic Association found that kids who played sports had higher marks than those who did not and were less likely to smoke, take drugs, or defy the law.

The sponsoring organizations of the Edmonton GO Community Centre firmly recognize these facts and encourage all families to participate in physical activities together or at a minimum, send their children to a sports facility to get involved, get healthy and stay healthy.

10. CONCLUSIONS & RECOMMENDATIONS

10.1. Conclusions

The GO Community Centre is a product of the identified needs of the three distinct core sports groups of basketball, volleyball, and gymnastics in the Edmonton Region. The Centre is based on a partnership with the intent to design, develop, and operate a community recreation centre in South Edmonton.

The GO Community Centre committee, comprised of equal representation from each of the three partner organizations: the Edmonton Grads Basketball Centre, the Edmonton Volleyball Centre Society, and the Ortona Gymnastics Club, have, with the help of professional planners, concluded that the preferred facility development option and site will allow each to fulfill their program goals and supply the Edmonton Region with much needed programming spaces for each activity.

The facility will become a home for the basketball and volleyball communities and will provide the Ortona Gymnastics Club with a state of the art facility to ensure sustenance and continued success of each of the three sporting communities. The facility will also cater to the South Edmonton market through the offering of fitness / wellness programs and activities.

10.2. Recommendations

The recommendation of this business case is to immediately proceed with detailed design of the preferred facility development option. This detailed design will further define the spaces, costs, and layout of the facility so that there is a tangible product to market in the associated fundraising plan.

It is recommended that the fundraising campaign begin and construction commence when required funds are attained.

11. REVIEW & APPROVAL PROCESS

The GO Community Centre Executive Committee is made up of members from each of the partnership groups who will champion the development and operational needs of the facility, along with additional at-large members. All decisions concerning the proposed development and operations of the facility will require this Committee's review and approval.

The Executive Committee overseeing this business case is comprised of the following members from each of the three partner organizations:

Edmonton Grads Basketball Centre

- **David Dorward**
- **Bob Butlin**
- **Dave Bodnarchuk**

Edmonton Volleyball Centre Society

- **Terry Gagnon**
- **Mark Hughes**
- **Ian Allan**
- **Kevin Boyles**

Ortona Gymnastics Club

- **Ken Flesher**
- **Brenda Scrambler**
- **Mike Kylo**

community centre