



## THE REGIONAL MUNICIPALITY OF NIAGARA SPECIAL COUNCIL AGENDA

CL 8-2020

Thursday, June 4, 2020

4:00 p.m.

Meeting will be held by electronic participation only

All electronic meetings can be viewed on Niagara Region's website at:

<https://www.niagararegion.ca/government/council/>

Due to the efforts to contain the spread of COVID-19 the Council Chamber will not be open to the public to attend Council meetings until further notice. To view live stream meeting proceedings, please visit: [niagararegion.ca/government/council](https://www.niagararegion.ca/government/council/)

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Pages

1. CALL TO ORDER

2. ADOPTION OF AGENDA

2.1 Changes in Order of Items

3. DISCLOSURES OF PECUNIARY INTEREST

4. CLOSED SESSION

4.1 Confidential Verbal Update

A Matter of Advice that is Subject to Solicitor-Client Privilege & A Matter of Litigation or Potential Litigation under s. 239(2) of the Municipal Act, 2001 - Legal Advice respecting litigation concerning Former Senior Administration Officials Employment Contracts

- 4.2 Confidential CSD 42-2020  
A Matter of Advice that is Subject to Solicitor-Client Privilege and A Matter of Commercial Information, supplied in confidence to the municipality which if disclosed could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization, under s. 239(2) of the Municipal Act, 2001 – 2021 Canada Summer Games Agreements Update and Next Steps

5. BUSINESS ARISING FROM CLOSED SESSION

6. CORRESPONDENCE

- 6.1 CL-C 25-2020 3 - 13  
A memorandum from D. Pasto, Risk Management Program Manager, dated June 4, 2020, respecting Update regarding Request for Proposal for Insurance and Risk Management Services.

7. CHIEF ADMINISTRATIVE OFFICER'S REPORT(S)

- 7.1 CAO 11-2020 14 - 144  
2021 Canada Summer Games Event and Project Update
- 7.2 CAO 12-2020 145 - 153  
Update on "*Open Niagara*" - Niagara Region's Recovery Plan

8. BY-LAWS

- 8.1 Bill 2020-26 154  
A by-law to adopt, ratify and confirm the actions of Regional Council at its special meeting held on June 4, 2020.

9. ADJOURNMENT

If you require any accommodations for a disability in order to attend or participate in meetings or events, please contact the Accessibility Advisor at 905-980-6000 ext. 3252 (office), 289-929-8376 (cellphone) or [accessibility@niagararegion.ca](mailto:accessibility@niagararegion.ca) (email).

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**MEMORANDUM**

**CL-C 25-2020**

**Subject:** Update regarding RFP for Insurance and Risk Management Services

**Date:** Thursday, June 4, 2020

**To:** Regional Council

**From:** Donna Pasto, Risk Management Program Manager

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The purpose of this Memo is to update Council regarding the insurance RFP further to CSD 16-2020 dated March 11, 2020 - Procurement Process for Insurance and Risk Management Services RFP Report (attached as Appendix 1).

Since the Report in March, Staff conducted a competitive procurement process for the services of an insurance Subject Matter Expert to assist with the RFP process and retained Susan Saksida of Cameron & Associates (SME). The RFP is in the process of being finalized and is on track to be issued June 11, 2020.

With regard to the evaluation approach for the financial component of the RFP, in accordance with advice from the SME, the award of the three year contract term will be based on an evaluation of the proposed first year premium price only. Bidders will not be requested to provide fixed pricing for years two and three. Based on advice from the SME, seeking fixed pricing for all 3 years in advance is not feasible in the current market and may result in no bids being received. Consistent with this advice, in CSD 16-2020, at page 2, Staff previously noted a number of factors affecting the current condition of the municipal insurance market and now there is the added impact of the COVID-19 pandemic which is still unknown.

Proceeding on this basis, following award, the premium price for years two and three will be provided by the Successful Proponent prior to the commencement of each year as part of the annual process of renewing insurance coverage based upon the factors of experience, updated underwriting data (eg. property and auto schedules) as well as the market conditions at that time.

At the end of the three year contract term, the approach for the additional term of up to two years will be similar to the above except that it will be optional in favour of Niagara Region to determine whether to proceed with the extension.

Respectfully submitted and signed by

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Donna Pasto  
Risk Management Program Manager

Attached as **Appendix 1** to this Memo is CSD 16-2020- March 11, 2020 - Proposed Procurement Process for Insurance and Risk Management Services RFP

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**Subject:** Proposed Procurement Process for Insurance and Risk Management Services RFP

**Report to:** Corporate Services Committee

**Report date:** Wednesday, March 11, 2020

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## Recommendations

1. That Staff **BE AUTHORIZED** to commence the procurement process for the acquisition of insurance and risk management services utilizing a Request for Proposal ("RFP") process which employs the same methodology/wording as was issued in 2017, with the exception of engaging the services of a Fairness Advisor Commissioner;
2. That Staff **BE AUTHORIZED** to procure the services of a Subject Matter Expert to assist with the RFP process and to provide an objective coverage compliance analysis report for evaluators; and
3. That Staff **BE AUTHORIZED** to procure insurance and risk management services for a three year contract period with an option in favour of Niagara Region to extend the contract on the same terms and conditions for an additional term of up to two years.

## Key Facts

- The purpose of this report is to seek Council approval of the overall procurement process for a new insurance and risk management services contract which would commence on November 1, 2020.
- The procurement of insurance and risk management services includes Niagara Region as named insured as well as Niagara Regional Police Service and Niagara Regional Housing.
- In 2017 at the direction of Council, Staff engaged both a Fairness Advisor Commissioner and Subject Matter Expert to assist in the facilitation of a procurement process for the insurance and risk management services. This resulted in a two year contract with Jardine Lloyd Thompson Canada Inc. ("JLT") with an option in favour of Niagara Region to extend the contract on the same terms and conditions for an additional term of up to one year.
- On November 1, 2019, in accordance with Council approval (pursuant to CSD 28-2019), Staff exercised the option to extend the insurance and risk management services contract with JLT for one year. Staff also informed Council of the intention to go out to market for Niagara Region's insurance and risk management services given the contract with JLT expires on November 1, 2020.

- At the direction of Council, a Fairness Advisor Commissioner oversaw the entire 2017 procurement process from RFP preparation through to award (which included scoring methodology, evaluation and ranking) and attested to the fact that the appropriate procurement practices were used throughout.
- Based on the November 18, 2019 memo from the Director of Procurement and Strategic Acquisitions to the Procurement Advisory Committee, this procurement does not necessitate the services of Fairness Advisor Commissioner. The memo specified that services of a Fairness Advisor Commissioner are required for certain types of procurement, some of which include:
  - Complex and/or high profile and/or high value projects;
  - New/innovative procurement process
  - When public interest demands a higher than normal level of objective scrutiny
- This type of procurement is not overly complex, is valued at less than \$1M, is not a new or innovative procurement process and there is no public interest demanding a higher than normal level of objective scrutiny. In addition, Staff propose an RFP process that employs the same methodology/wording as in the 2017 RFP. Accordingly Staff does not propose to procure the services of a Fairness Advisor Commissioner for the 2020 RFP.
- Staff proposes to procure the services of a Subject Matter Expert to assist with any recommended updates to the RFP and to provide an objective coverage compliance analysis report for evaluators.
- To achieve greater value and financial certainty for Niagara Region (and in keeping with best practices of other municipalities), Staff proposes a longer term contract commitment for the new RFP (three year contract plus the option in favour of Niagara Region to extend on the same terms and conditions for up to two years).

## **Financial Considerations**

The approved budget for 2020 of \$904,100 was prepared to accommodate the impact of a change in insurers as of November 1, 2020. Staff note the current municipal insurance market does present some financial uncertainty.

There are a number of factors affecting the current condition of the municipal insurance market, some of which are as follows:

- in light of the growing number and severity of claims (including medical malpractice claims and other municipal liability claims), municipal insurers are dealing with these losses through corrective pricing, and accounts with good loss histories are seeing increases; and
- a number of municipal insurers are exiting the market while others have been purchased through acquisition (JLT acquired by Marsh and Frank Cowan Company Limited acquired by Intact);

- some insurers are restricting capacity and are unable to take on new business (which is limiting the number of available insurers to bid on municipal business).

It is difficult at this time to accurately predict the impact the hardening market on the insurance industry will have on the 2021 budget which is forecast at \$994,510. Staff have been informed by various sources, including our current insurance incumbent JLT, that municipalities should not expect any decreases in premiums but rather significant increases over the next several years.

As noted in Report CSC-C 17-2019 – Insurance Program Renewal 2019-2020 Update, Staff identified a potential unforeseen budget pressure of approximately \$50,000 for the 2020 budget due to a policy change in the November 1, 2019 renewal. Staff will attempt to mitigate this pressure as well as any consequences of the hardening market to the extent possible within the existing 2020 levy operating budget.

## **Analysis**

Staff was authorized under CSD 28-2019 to exercise the option to extend the insurance and risk management services contract with JLT for the November 1, 2019 to November 1, 2020 policy renewal term. On October 31, 2019 insurance coverage was bound with JLT for the final policy renewal term.

As a part of CSD 28-2019, Staff also indicated the intention to bring a report to Council in the Spring of 2020 to seek instructions and direction with respect to the new competitive procurement process and to go out to market in early Summer 2020. The procurement of insurance and risk management services will include Niagara Region as named insured as well as Niagara Regional Police Service and Niagara Regional Housing.

For the upcoming 2020 RFP, it is Staff's recommendation to commence procurement process for the acquisition of insurance and risk management services utilizing an RFP process which employs the same methodology/wording as was issued in 2017, with the exception of engaging the services of a Fairness Advisor Commissioner.

In a September 14, 2017 report (attached as Appendix 1 to CSD 56-2017), the Fairness Advisor Commissioner reported and attested to the fact that the appropriate procurement practices were used throughout the 2017 RFP process and that care was taken in managing risks involved in providing the necessary structure for an open, fair and competitive process. However, Council should be aware that Committee and Council chose not to accept Staff's recommendation which resulted from the above noted RFP process and awarded to a different vendor.

The 2020 RFP will incorporate the same scoring methodology, evaluation and ranking as previously vetted through the Fairness Advisor Commissioner in 2017 (attached as **Appendix 1** is the Proposed Scoring Methodology, Evaluation and Ranking).

In the November 18, 2019 memo to the Procurement Advisory Committee, Director of Procurement and Strategic Acquisitions identified certain types of procurement that require the services of a Fairness Advisor Commissioner including the following:

- Complex and/or high profile and/or high value projects;
- New/innovative procurement process
- When public interest demands a higher than normal level of objective scrutiny.

Upon review by Staff, this type of procurement does not meet the above criteria to engage the services of a Fairness Advisor Commissioner for the following reasons:

- it is not overly complex and is valued at less than \$1M
- it is not a new or innovative procurement process; and
- there is no public interest demanding a higher than normal level of objective scrutiny.

In light of the above, Staff does not propose to retain the services of a Fairness Advisor Commissioner for the 2020 RFP.

Staff will consider updates to the RFP based on industry trends and best practices as well as information gathered through discussions with other municipalities that have recently undertaken procurement processes for insurance and risk management services.

Similar to the process followed in 2017, Staff proposes to procure the services of a Subject Matter Expert to assist with any recommended updates to the RFP and to provide an objective coverage compliance analysis report for evaluators. These services can be procured by way of an Informal Quotation process (purchases greater than \$10,000 and not exceeding \$25,000 excluding taxes pursuant to section 13 of the Procurement By-law).

In keeping with best practices of other municipalities and to achieve greater value and financial certainty for Niagara Region, Staff recommends a longer term contract commitment for the new RFP (three year contract plus the option in favour of Niagara Region to extend on the same terms and conditions for up to two years). A significant amount of Staff resources are dedicated to an RFP process. A longer contract period would help offset these and other costs (both internal and external) and provide greater financial certainty for the Region given changing market conditions. In addition, a longer commitment will allow Staff the opportunity to engage the insurers in longer term



risk management initiatives (such as developing an enterprise risk management plan) and allow the insurer a chance to gain a better understanding of aspects of our operations that are unique to our municipality in order to provide value added services/targeted risk management advice.

Staff prepared a high level procurement timeline necessary to complete the RFP in advance of the November 1, 2020 insurance expiry date. Staff plans to bring a recommendation report to Council for approval by the September 9 Corporate Services Committee meeting and the September 17 Council meeting (attached as **Appendix 2** is the Proposed Procurement Timeline to complete the procurement process).

### **Alternatives Reviewed**

N/A - The existing contract with JLT does not provide further options to extend, therefore, a new competitive process is required.

### **Relationship to Council Strategic Priorities**

The procurement of Niagara Region's insurance program is consistent with Regional Council's strategic priority focus of a Sustainable and Engaging Government.

### **Other Pertinent Reports**

- CSC-C 17-2019 – December 4, 2019 - Insurance Program Renewal 2019-2020 Update
- PAC-C 4-2019 - November 18, 2019 Response to Councillor Information Requests (PAC)
- CSD 28-2019 – April 17, 2019 - Insurance and Risk Management Services Contract Extension for November 1, 2019 – November 1, 2020
- CSD 56-2017- September 27, 2017 - Results from Insurance RFP

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**Prepared by:**  
Donna Pasto  
Risk Management Program Manager  
Corporate Services

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**Recommended by:**  
Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.

Acting, Chief Administrative Officer

*This report was prepared in consultation with Donna Gibbs, Director Legal and Court Services, and reviewed by Bart Menage, Director Procurement & Strategic Acquisitions.*

**Appendices**

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## **Proposed Scoring Methodology, Evaluation and Ranking**

### **Stages of Proposal Evaluation**

Niagara Region will conduct the evaluation and ranking process in accordance with the stages set out below.

#### **Stage 1 – Mandatory Requirements**

Stage 1 will consist of a review to determine which proposals comply with all of the mandatory requirements. Proposals that do not comply with all the mandatory requirements as of the Submission Deadline will, subject to the express and implied rights of Niagara Region, be disqualified and not evaluated further.

#### **Stage 2 – Rated Criteria**

Niagara Region Evaluation Team will evaluate each compliant proposal as set out in Sections 1, 2 and 3 of Rated Criteria (explained below).

#### **Stage 3 – Presentation and Interview – Section 4 of Rated Criteria**

All proponents that pass Stage 1 will be invited to present and interview with the Evaluation Committee. Each Proponent will be provided with the same prescribed questions.

#### **Stage 4 – Ranking and Selection of Top-Ranked Proponent**

After completion of Stages 2 and 3, Procurement will complete the mathematical calculations and final ranking of the proponents in accordance with the evaluation and ranking method described in the RFP.

The following is a summary of the rated criteria and weightings for the evaluation of proposals.

<b>CRITERIA</b>	<b>Weighting %</b>	<b>Points</b>	<b>Weighted Score</b>
The Regional Municipality of Niagara – Insurance Services Scoring			
Section 1 - Proponent/Qualifications Experience Financial Service for Transition of Policy	10%		
Section 2 - Services and Support (20%) Risk Management Services	5%		
Claims Management Services	15%		
Section 3 - Coverage/Product	30%		
Section 4 - Presentation and Interview	5%		
Section 5 - Total Program Cost (35%)			
Option #1 (NR/NRP)	15%		
Option #3 (NR, NRP + NRH)	20%		
<b>TOTAL</b>	<b>100%</b>		

<b>Scoring Category</b>	<b>Description</b>	<b>Numeric Score Points</b>
Fail	Requirement is not met or is not acceptable.	0
Poor	Minimally addresses the component, but one or more major considerations of the component are not addressed.	1 - 3
Fair	The response addresses some aspects of the component, but minor considerations may not be addressed.	4 - 6
Good	The response addresses the component and provides a reasonably good quality solution.	7
Very Good	There is a high degree of confidence in the proponent's response as a proposed solution to address the component.	8 - 9
Exceptional	The proposed solution goes above and beyond the requirements as well as provides a high degree of confidence in its effectiveness.	10

### Proposed Procurement Timeline

<b>RFP Post by:</b>	June 11, 2020
<b>Deadline for Questions:</b>	June 30, 2020
<b>Deadline for Issuing Addenda:</b>	July 2, 2020
<b>RFP Submissions by:</b>	July 10, 2020
<b>Evaluation Process:</b>	July 13 to 30, 2020
<b>Report to CSC/Council:</b>	September 9 CSC/September 17 Council

Following Council approval of CSD 16-2020 – Proposed Procurement Strategy for Insurance and Risk Management Services RFP, certain steps are required by Staff prior to the posting of the RFP, some of which are as follows:

- Prepare Informal Quotation to retain subject matter expert (Consultant), post quotation, evaluate submissions and award - **to be commenced by April 20 and completed by May 20, 2020;**
- Underwriting data (such as property schedules, fleet schedules, driver lists, loss history, etc) needs to be requested and collected from various Niagara Region divisions (as well as NRPS and NRH) - **to be commenced by April 20 and completed by May 25, 2020**
- Staff to review and finalize all schedules and data to be included in the RFP- **to be completed by June 2, 2020**
- Staff to draft RFP – **to be commenced by April 20 and completed by May 22, 2020**
- Kick Off Meeting with Consultant – **May 22, 2020**
- Draft RFP to be reviewed by Procurement/Consultant – **review to be completed by May 29 and any revisions by June 10, 2020**

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**Subject:** 2021 Canada Summer Games Event and Project Update

**Report to:** Regional Council

**Report date:** Thursday, June 4, 2020

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## Recommendations

1. That this report **BE RECEIVED** for information.

## Key Facts

- The purpose of this report is to inform Council of the work undertaken by staff to execute the Definitive Agreements previously outlined in CAO 16-2019 and to provide an update on the progress made to date on the construction of the Canada Games Park.
- In 2017, the Canada Games Council announced Niagara Region as the successful municipality to host the 2021 Canada Summer Games (CSG) with an estimated operating budget of approximately \$35 million and a capital budget of approximately \$9.6 million. Niagara Region approved a maximum contribution of \$10.35 million, comprising of \$3.0 million for capital, \$4.0 million for operating, and up to an additional \$3.35 million in funding to cover any post-games deficit (for which the Niagara Region is responsible) and/or investment in additional legacy projects.
- Niagara Region's 2017 Bid Proposal for the Games also advised that, in addition to the new facilities and upgrades required to host the Games, Niagara hoped to build two key legacy facilities for the Games – a Sport and Ability Centre at Canada Games Park and a Rowing Centre at Henley Island. Niagara Region advised that additional funding would be required for these additional key legacy facilities.
- In May 2019, Regional Council approved an additional capital budget commitment of \$13.7 million subject to securing additional funding from other levels of government to invest in the Canada Summer Games legacy plan that included improvements to multiple facilities across Niagara region and the construction of a new Canada Games Park and Henley Rowing Centre. This increased the Region's total capital

contribution to \$20.05 million which included the previously approved but uninitiated \$3.35 million legacy project/deficit funding.

- In August and September 2019, the Federal and Provincial Governments announced their commitments to provide additional infrastructure funding of \$58 million (\$29 million each) for Canada Games Park and the Henley Rowing Centre.
- In November 2019, Regional Council approved the initiation of the funding of the Canada Summer Games project and authorized the Regional Chair and Regional Clerk to execute a number of Definitive Agreements relating to Canada Games Park.
- Since November 2019, staff has pursued the negotiation of the Definitive Agreements and has made good progress with its consortium partners (City of Thorold, City of St. Catharines, and Brock University; together the “**Consortium**”) in establishing a Consortium Agreement relating to the future use, operation and governance oversight of Canada Games Park after the 2021 Canada Summer Games is complete. This agreement is largely settled with Niagara Region poised to retain 25% ownership of Canada Games Park after construction is complete.
- In December 2019, the CSG Host Society entered into a contract for the construction of Canada Games Park and construction work commenced immediately.
- In December 2019, the CSG Host Society also entered into a contract for the project management of Canada Games Park. The cost of the project manager is shared equally amongst the Consortium and the CSG Host Society, and the Project Manager has been reporting to all partners.
- In March 2020, Niagara Region, working with Consortium representatives and the CSG Host Society, were also successful in entering into a Transfer Payment Agreement (TPA) with the Province of Ontario (who are overseeing the funding commitments by both Federal and Provincial Governments) which commits a total of \$58 million (\$29 million from each of the Federal and Provincial Governments) to the construction of Canada Games Park. That TPA also commits the Consortium to contribute approximately \$40 million to the construction of Canada Games Park.

- The Consortium members and the CSG Host Society have not been able to reach agreement on a Project Agreement that sets out the partner's rights and responsibilities relating to the remaining construction of Canada Games Park.
- An alternative initially tabled by the CSG Host Society and discussed by the partners is to transition responsibility for managing the remaining construction of Canada Games Park to Niagara Region. This would see Niagara Region being the contractual lead for managing the construction process, but delivery would continue to be reliant on the mutual coordination and cooperation with the Host Society and the Consortium partners.

### **Financial Considerations**

The following are financial considerations provided by Region staff based on the documentation and information made available by the CSG Host Society.

The 2021 CSG budget, including both the original operating budget and revised Legacy capital budget now sits at \$146.7 million.

The Region has budgeted for and is scheduled to contribute \$1.0 million a year for four years, contributing a total of \$4.0 million to CSG Host Society's \$34.9 million operating budget.

The Region has budgeted \$20.05 million for the capital contribution (see APPENDIX 1), \$6.3 million funded with debentures and \$13.7 million which has already been transferred to the Host Society funded from the Gas Tax capital funding. Should the Regions role in the delivery of any of the capital projects linked to the Canada Summer Games change, this would require budget adjustment.

At this time, the capital budget below includes an estimate of the non-recoverable HST at the 1.76% of expenses based on the municipal tax rebate. The tax status of the Consortium has yet to be finalized, however should the Consortium not be eligible for this rebate; the HST expense could be greater and would represent an additional liability for the Region which would require a future funding allocation.

Table 1 - 2021 Canada Games CSG Host Society Inc. Capital Budget: Expense



Capital Program - EXPENSES	Nov. 2019 Budget Breakdown	Canada Games Park Allocation	Henley & Other	difference
<b>SOURCE BUDGET NOTES (million \$)</b>				
Canada Games Park				
Canada Games Park - Final Contract	\$80.99	\$85.58		\$4.59
Canada Games Park - Competition Equipment	\$1.71	\$4.18		\$2.47
Commissioning	\$0.00	\$0.22		\$0.22
Canada Games Park - FF&E	\$2.33	\$1.38		(\$0.95)
Building Permit Fees & Thorold Servicing Charges	\$2.46	\$2.14		(\$0.32)
Administrative Support, Project Mgmt & Other Fees	\$5.07	\$5.05		(\$0.02)
CGP Construction Contingency	\$6.82	\$2.75		(\$4.07)
Non-refundable HST <sup>1</sup>		\$1.95		\$1.95
Henley Rowing Centre & Other Capital Infrastructure	\$12.43		\$8.57	(\$3.87)
<b>TOTAL PROJECT COST</b>	<b>\$111.81</b>	<b>\$103.25</b>	<b>\$8.57</b>	<b>\$0.00</b>

(1) Non-recoverable HST of 1.76% was not included in Host budget, funding requirements have been taken out of contingency

The confirmed sources of funding for the \$8.6 million budget allocated to the Henley and other infrastructure are provided below, however it should be noted that based on the November 2019 cost estimate of \$12.4 million there may be a funding gap of \$3.9 million.

Government of Canada	\$3.000
Government of Ontario	\$3.000
City of St. Catharines	\$0.143
Other Niagara Municipalities <sup>2</sup>	\$1.422
Naming Rights	\$1.000
<b>Total (million \$)</b>	<b>\$8.565</b>

A balanced budget is subject to successfully securing \$6.5 million in collective sponsorship and fundraising for both the Canada Games Park (\$5.5 million) and Henley Rowing Centre (\$1.0 million) respectively.

A more detailed budget breakdown is as available via APPENDIX 1.

It is anticipated that the COVID-19 pandemic will have a negative impact on the ability of the Host Society to secure sponsorship and fundraising in the short and medium term. This will have a corresponding impact on the overall operating and capital budget for the Canada Summer Games given that contingencies identified did not consider the potential impacts of a global pandemic.

CSG Host Society is in the process of updating their overall budget reflective of COVID-19 and other considerations. CSG Host Society is expected to present a revised budget to their Board in July 2020.

Recognising that the financial and capital risks above exist, the Consortium and Host Society continue to meet frequently and collaboratively to address these risks and deliver a Canada Summer Games that will benefit the community as a whole.

## Analysis

### **A. Canada Summer Games: Niagara Region's Contribution**

In 2017, the Canada Games Council announced Niagara Region as the successful municipality to host the 2021 Canada Summer Games with an estimated operating budget of approximately \$35 million and capital budget of approximately \$9.6 million (ED 2-2017 APPENDIX 2). Pursuant to a Transfer Payment Agreement between 2021 Canada Games CSG Host Society Inc. and Niagara Region effective January 1, 2018 (the "**Region TPA**"), the Region approved a maximum contribution of \$10.35 million comprised of \$3.0 million for capital, \$4.0 million for operating, plus up to an additional \$3.35 million in funding for post-games legacy projects.

The 2021 Canada Games CSG Host Society Inc. was created in accordance with the Corporations Act (Ontario) to constitute CGHS, and, pursuant to a Hosting Agreement with the Canada Games Council dated December 12, 2018, is charged with planning, organizing, promoting, financing and staging the Games.

In May 2019 (CAO 5-2019 APPENDIX 3), Regional Council approved an additional capital budget commitment of \$13.7 million (allocated from federal gas tax funding) in support of the construction of a marquee legacy facility dubbed Canada Games Park, subject to the commitment of additional funding from other stakeholders. Canada Games Park will include:

- Sport and Abilities Centre – with Canadian Sport Institute of Ontario Regional Centre, Centre for Health and Well-Being, Para-Sport Gymnasium, Twin-Pad Ice-Box for box lacrosse and ice sports, and sports offices;
- Outdoor Cycling and Environmental Sustainability Centre;
- Athletics Facility; and
- Beach Volleyball Centre.

The additional funding commitment brought the Region's total capital contribution to \$20.05 million which included the previously approved but uninitiated \$3.35 million legacy project/deficit funding.

In November 2019, Regional Council approved the initiation of the funding of the Canada Summer Games project and authorized the Chair and Region Clerk to execute a number of Definitive Agreements necessary for the CSG and relating to the Canada Games Park legacy usage.

### **Definitive Agreement Progress**

As was set out in CAO 16-2019 (see APPENDIX 4) a number of legal agreements were contemplated to implement the development of Canada Games Park and to structure the contributions, roles, responsibilities and risk of each of the parties (i) during the construction of the facility; (ii) during the Canada Summer Games event itself, and (iii) the subsequent legacy period.

Specifically, it was intended that the Definitive Agreements would set out the terms and conditions upon which the financial and in-kind contributions of the parties will be made (coordinated with the financial contributions of Ontario and Canada), outline the terms and conditions upon which Canada Games Park will be developed, and outline how the Canada Games Park would transfer from the CSG Host Society to the Consortium at the conclusion of the Canada Summer Games.

The Definitive Agreements were anticipated to consist of:

1. Canada Games Park Framework Agreement (an agreement to be entered into between the municipalities, Brock and the CSG Host Society to establish a framework for the negotiation of the other Definitive Agreements).
2. Consortium Agreement and Facilities Programming Agreement (an agreement or agreements to be entered into by the municipalities and Brock to allocate responsibility for the use, operation, maintenance and repair/replacement, programming and usage fees of Canada Games Park following the Games).
3. Project Agreement (an agreement to be entered into between the municipalities, Brock and the CSG Host Society containing terms and conditions related to the construction, development and completion of Canada Games Park)

4. Offer to Lease / Lease and/or Amending and Assignment of Lease (agreements to be entered into between Brock (as landlord) and the other parties (as tenants) which shall cover two time periods, the first being the period during construction and operation of the Games and a second subsequent period following the Games.
5. Municipal Capital Facility Agreement (means an agreement designating Canada Games Park as municipal capital facility pursuant to the Municipal Act, 2001)
6. Transfer Payment Agreements and/or Joinder Agreements (agreements required by Ontario or Canada with the Region and other parties as a condition of Ontario and Canada funding contributions to the project)
7. Such other Agreements or instruments as the parties agree are necessary (at the time of CAO 16-2019 no other agreements had been identified, however it was noted that this is a complex project further agreements may be recommended by the legal teams representing the parties to ensure necessary roles, responsibilities or risk are adequately addressed).

The Region, St. Catharines, and Thorold jointly retained legal counsel (Borden Ladner Gervais LLP; “**BLG**”) to advise them in respect to the Definitive Agreements and to review and negotiate with the other parties involved. Brock University, while separately represented (Cassels, Brock and Blackwell LLP; “**Cassels**”), has worked collaboratively with the municipal parties on the preparation of Definitive Agreements. Working in this fashion, Consortium members have largely settled the Consortium Agreement.

The Transfer Payment Agreement with the Province has been executed which provides up to \$58 million in capital funding from the Federal and Provincial Governments to support the building of Canada Games Park pursuant to the Investing in Canada Infrastructure Program (“ICIP”). That TPA also commits the Consortium to contribute approximately \$40 million to the construction of Canada Games Park.

Brock and CSG Host Society have also entered into an offer to lease permitting the CSG Host Society to initiate construction of Canada Games Park on the necessary portion of Brock’s lands.

The Consortium members and the CSG Host Society have not been able to reach agreement on a Project Agreement that identifies the partner’s rights and responsibilities relating to the remaining construction of Canada Games Park.

An alternative tabled by the CSG Host Society and discussed by the partners is for the CSG Host Society to transition responsibility for managing the remaining construction of Canada Games Park to Niagara Region. This would see Niagara Region being the contractual lead for managing the construction process, but delivery would continue to be reliant on the mutual coordination and cooperation with the Host Society and the Consortium partners.

During a meeting among the parties in late March, representatives of the CSG Host Society advised that, because the Consortium has now been formed and much of the Canada Games Park project has been completed (including design, permitting, funding commitments and construction contracts), the Host Society's preferred path forward is to now transition responsibility for delivering the rest of the project to the Consortium. This will assist the Host Society, which consists mainly of volunteers, to focus on organizing and delivering other parts of the Games.

After consideration of this approach, in late April, representatives of Niagara Region proposed that this transition of responsibility for managing the remaining construction of Canada Games Park be made to Niagara Region instead, and that this transition occur before the end of June, 2020.

The Host Society Board has considered this proposal and is agreeable to this transition. Its Board has recently approved a motion to enter into a transition agreement for the continued development of Canada Games Park with Niagara Region. The Host Society Board considered the following advantages of this transition:

1. Consortium Operating and Partnership Plan - When the funding for Canada Games Park was approved last summer, the Consortium did not have their long term operating and partnership plan in place but are now close to being finalized.
2. Construction Management - The construction management protocols put in place by Urban and Environmental Management, the project manager hired by the Host Society on behalf of the Consortium, are working very well. The Consortium is now participating fully in bi-weekly construction meetings and is making decisions on construction issues brought forth by UEM and the Host Society. The construction decisions going forward will require ever greater input from the Consortium as they will focus more on finishes, warranties, FF&E and items that may have different costs than may have been originally budgeted but may have long term benefits to the Consortium.

3. Commissioning of Canada Games Park - Decisions relating to the commissioning of Canada Games Park are beginning to occur now - in fact, the commissioning agent has already been hired. The issues surrounding the commissioning of the facility should be made by the Consortium since they affect the long-term operation of Canada Games Park. There will need to be ongoing coordination with the contractor to complete this part of the project and removing the Host Society as the 'middle man' in this process is prudent.

4. HST – The Host Society has been working to resolve the HST budget issue related to the construction of Canada Games Park. It was recently notified that the Province will not be funding the unrecoverable portion of the HST and as a result, it projected a shortfall strictly related to this issue. Turning the Canada Games Park project over now reduces this shortfall.

5. In the prior history of the Canada Games, no Host Society has undertaken the responsibility to construct a major infrastructure project as well as host the Games. Now that the Consortium is now in place, this is a logical transition point in the Canada Games Park project which will allow the Host Society to focus on other capital projects and the Games themselves.

Recognizing that there is a projected shortfall in its capital budget to complete the Henley Rowing Centre project, the CSG Host Society Board has also recently approved a motion to prepare and submit a supplementary ICIP funding application for that project.

### ***Terms of the Construction for Canada Games Park***

- Contract amount of \$85,580,225 for the construction of the Canada Games Park (CGP).
- The lowest bid was received from Aquicon (GC). The CSG Host Society and the GC negotiated scope reductions from both the CGP and the Henley Rowing Centre.
- The scope reductions to the CGP were agreed to by the CSG Host Society and the Consortium partners and do not impact the successful operation of the Games.
- Construction of the CGP to proceed in three phases:
  - 1. Phase 1** - Outdoor facilities for CSG with Substantial Completion July 16, 2021
    - Outdoor athletic facilities: Track and field facilities including track, jumps, and throw areas but excluding warm up track and beach volleyball facilities.
    - Parking lot and Canada Games Park entrance

- Hard and soft landscaping: final grading, concrete walks and curbs, seat wall, planting, etc.
- Storm water management
- Mechanical, electrical and communications systems for exterior amenities.

**2. Phase 2 – Games Ready Interior Amenities complete July 31, 2021**

Areas include the majority of the ground floor of the building excluding administrative and service spaces:

- Wrestling facilities (Gymnasium, hardwood flooring not required)
- Lacrosse facilities (Arenas 1 and 2, refrigeration systems not required)
- Change rooms and washrooms
- HVAC, plumbing, electrical, lighting, life safety systems for the games-ready areas
- Access and egress for games-ready areas
- Will require Partial Occupancy for games-ready areas

**3. Phase 3 – Substantial Completion of the work by December 1, 2021.**

- There is a construction freeze from July 31 to August 31, 2021 for the Canada Summer Games.
- The most recent budget provided to Niagara Region by the CSG Host Society indicates \$4.27 M budgeted for the CSG construction contingency (not included in contract amount). This is further reduced to \$2.75 M to account for the HST not included in the November 2019 budget.
- The Transfer Payment Agreement (TPA) with the province requires Substantial Completion of CGP by October 31, 2021. It also requires games readiness - that the Project is sufficiently ready to meet the operational needs of the 2021 Canada Games on or before August 6, 2021.
- The CSG Host Society has engaged a project management consultant (UEM) to manage the different design and construction contracts, and provide monthly reporting which supports the CSG Host Society's Provincial TPA reporting requirements.

### ***Construction of Canada Games Park – Current Status***

The following are considerations provided by Region staff regarding the construction status of Canada Games Park. The CSG Host Society does not share Region staff's views concerning some of these considerations.

Construction commenced on the Canada Games Park in late 2019 utilizing the phased approach indicated above. Prior to the provincial shut down of construction sites on April 4, the UEM March Monthly Summary Report indicated that Phase 1 was tracking on schedule and that there was a moderate to high risk for the completion of Phases 2 and 3. Although early in construction, UEM likely assigned the moderate to high risk factor due to weather events, unknown site conditions, permit delays and anticipated material and labour shortages compounding an already aggressive construction schedule with fixed deadlines. The March report indicates 10 working days lost due to weather and Change Order 12 indicates a 10 day extension to the schedule.

The March Status Report further indicates a moderate to high risk to the project due to the impact of COVID-19 on construction efficiency with loss of productivity and uncertainty with labour availability and the material supply chains. Correspondence from Aquicon indicates that there will be resultant delays and added cost to the project.

On May 13, the GC provided a revised construction schedule that indicates an overall delay of 6 weeks to Substantial Completion. Although the contractor returned to work in early May, the cost of the delay remains undefined as it is not yet possible to ascertain the duration, the extent of the impact nor when work will return to normal. In terms of schedule re-alignment, there are only three choices: reduction in scope of work, construction re-sequencing and added cost for after- hours and shift work.

Based on an analysis of the Monthly Summary Reports and the two construction schedules provided by the GC (December 2019 Baseline Schedule and May 2020 Revised Schedule), staff has determined there is a low to high risk to the schedule depending on the phase.

#### **Phase 1 - Outdoor Facilities: Low Risk**

*Baseline Construction Schedule – complete July 15, 2021*

*Revised Construction Schedule - complete July 23, 2021*



The revised construction schedule further reduces the buffer to 5 working days before the construction shut down for the Games and moves asphalt paving and sod/seeding to the middle of August. As the scope of work is exterior and the completion date is over one year away, there is a high likelihood that construction can be re-sequenced to meet the July 15 date. The CSG Host Society is currently reviewing the schedule with the GC towards that end.

## **Phase 2 – Games Ready Amenities: Moderate to High Risk**

*Baseline Construction Schedule - complete July 30, 2021*

*Revised Construction Schedule – Completion date is not clear and partial occupancy is not identified.*

Phase 2 games ready areas requires completion of the building envelope, the full use of the program areas, access to washrooms and change rooms and that mechanical, electrical and life safety systems be operational for all program areas and suitable to achieve partial occupancy. The revised schedule indicates a 6 week delay but does not indicate a date for partial occupancy nor present a critical path towards achieving it. In addition, the schedule indicates key milestone dates that are concerning:

- Mechanical / electrical rough-in delayed by 8 weeks with completion on July 15
- Roof watertight delayed by 5 weeks with completion March 19, 2021 with majority of the work during winter months
- Building envelope watertight is not indicated
- Completion of interior finishes in 16 weeks in time for start of final cleaning on June 28

As the revised schedule indicates a 6 week delay and given that the effects of COVID on construction progress remain (loss of productivity and uncertainty with labour availability and the material supply chains), there is a risk that the interior amenities will not be games ready for July 31, 2021.

To mitigate the risk the CSG Host Society is currently working with the GC to define what games ready means and to re-sequence construction. The success of this will depend on what games ready means to the CSG Host Society but, at a minimum, the use of washroom and change room facilities is required.

Alternatively, the CSG Host Society may instead elect to hold only track and field events at the CGP and negotiate the use of other facilities within the Niagara Region for wrestling, lacrosse and practice / warm up use and rent / build temporary change room and washroom facilities for use during the Games. The cost of alternate facility use will be part of the Games operating budget but the rental / build of temporary washroom / changes room will be a cost and be an extra to the Aquicon contract.

Due to unknown site conditions and the pandemic, the owner may be required to pay extra costs to accelerate the schedule.

**Phase 3 – Canada Summer Games Park Complete as per TPA terms: Moderate Risk**  
*Revised Construction Schedule – Substantial Completion September 17, 2021 and Total Completion November 26, 2021*

The Transfer Payment Agreement (TPA) with the province requires Substantial Completion of the Canada Games Park by October 31, 2021. Although the revised schedule indicates Substantial Completion on September 17 (a six-week delay), there are numerous milestone and critical path dates that may put achieving this in question. And given the 1 month shut down and the previously stated ongoing schedule uncertainties due to COVID-19, an overall six-week delay seems optimistic. With no end date for COVID-19 and uncertainty around new outbreaks in Ontario, it is difficult to predict if the revised schedule is achievable.

**Continued Collaboration**

Recognising that the financial and capital risks above exist, the Consortium and Host Society continue to meet frequently and collaboratively to address these risks and deliver a Canada Summer Games that will benefit the community as a whole.

**Relationship to Council Strategic Priorities**

The construction of the Canada Games Park, the Henley Rowing Centre and other facilities which will provide a legacy of health, wellness and athletic excellence in Niagara for decades after the games has concluded and support Niagara Region in meeting is strategic objectives of being a 'healthy and vibrant community'.

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**Prepared by:**

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**Submitted by:**

Ron Tripp, P. Eng  
Acting Chief Administrative Officer

This report was prepared in consultation with Todd Harrison, Commissioner of Corporate Services and Regional Treasurer, Brian Wilson, Legal Counsel, Donna Gibbs, Director, Legal Court Services, Nicole Wolfe, Director, Construction Energy and Facility Management, and Heather Talbot, Financial and Special Projects Consultant.

**Appendices**

- Appendix 1 CSG Budget Funding Details May 2020
- Appendix 2 ED 2-2017
- Appendix 3 CAO 5-2019
- Appendix 4 CAO 16-2019

## May 2020 Report Details

CANADA SUMMER GAMES ARENA AND SPORTS COMPLEX, HENLEY ISLAND AND OTHER FACILITY IMPROVEMENTS  
CAPITAL REQUIREMENTS

Capital Program - Revenue				
SOURCE BUDGET NOTES	Nov. 2019 Budget Breakdown	May 2020 Revised Total Budget	Host Provided Revised Canada Games Park	Henley & Other
<b>Government of Canada</b>				
Contribution Agreement	3,000,000	\$ 3,000,000		\$ 3,000,000
ICIP Contribution to Province	29,000,000	\$ 29,000,000	\$ 29,000,000	
<b>Government of Ontario</b>				
Transfer Payment Agreement	3,000,000	\$ 3,000,000		\$ 3,000,000
Contribution Agreement - ICIP	29,000,000	\$ 29,000,000	\$ 29,000,000	
<b>Niagara Region</b>				
Transfer Payment Agreement - Capital Contribution	3,000,000	\$ 3,000,000	\$ 3,000,000	
Transfer Payment Agreement - Legacy Projects (if no deficit)	3,350,000	\$ 3,350,000	\$ 3,350,000	
Contribution Agreement - ICIP (Joinder Agreement)	13,700,000	\$ 13,686,786	\$ 13,686,786	
PWC Proforma Report & CGP Project Mgmt <sup>1</sup>		\$ 100,000	\$ 100,000	
<b>City of St. Catharines</b>				
Contribution Agreement - ICIP (Joinder Agreement)	10,000,000	\$ 10,000,000	\$ 9,856,843	\$ 143,157
PWC Proforma Report & CGP Project Mgmt <sup>1</sup>		\$ 105,501	\$ 105,501	
<b>City of Thorold</b>				
Contribution Agreement - ICIP (Joinder Agreement)	5,000,000	\$ 5,000,000	\$ 5,000,000	
PWC Proforma Report & CGP Project Mgmt <sup>1</sup>		\$ 105,501	\$ 105,501	
<b>Other Niagara Municipalities<sup>2</sup></b>		\$ 1,422,150		\$ 1,422,150
Pelham Contribution Agreement - ICIP (Joinder Agreement)	21,250			
Port Colborne Contribution Agreement - ICIP (Joinder Agreement)	21,250			
Niagara Falls	1,000,000			
Wainfleet/ West Lincoln	58,500			
Lincoln	985,000			
Welland	63,650			
Grimsby	42,500			
<b>Brock University</b>		\$ 4,496,643		
Contribution Agreement - ICIP (Joinder Agreement)	4,020,513		\$ 4,000,000	
PWC Proforma Report & CGP Project Mgmt <sup>1</sup>			\$ 496,643	
<b>Canada Basketball</b>	47,923	\$ 47,923	\$ 47,923	
<b>Sponsorship &amp; Fundraising</b>				
Sponso VIK		\$ 97,435	\$ 97,435	
Naming Rights	6,500,000	\$ 6,400,000	\$ 5,400,000	\$ 1,000,000
<b>TOTAL FUNDING COMMITTED</b>	<b>111,810,586</b>	<b>\$ 111,811,939</b>	<b>\$ 103,246,632</b>	<b>\$ 8,565,307</b>

(1) Funding was approved in November outside the \$111.8M Budget Approval

(2) Funding in November budget were based on preliminary municipal capital construction estimates and assumption of 50% contribution from Municipality; Lincoln warm-up pool Municipal contribution of \$985k was removed

Capital Program - EXPENSES				
SOURCE BUDGET NOTES	Nov. 2019 Budget Breakdown	May 2020 Revised Total Budget	Host Provided Revised Canada Games Park	Henley & Other
<b>Canada Games Park</b>				
Canada Games Park - Final Contract	80,987,000	\$ 85,580,225	\$ 85,580,225	
Canada Games Park - Competition Equipment	1,713,000	\$ 4,182,214	\$ 4,182,214	
Commissioning	-	\$ 217,600	\$ 217,600	
Canada Games Park - FF&E	2,329,148	\$ 1,375,434	\$ 1,375,434	
Building Permit Fees & Thorold Servicing Charges	2,463,330	\$ 2,143,807	\$ 2,143,807	
Administrative Support, Project Mgmt & Other Fees	5,071,005	\$ 5,051,808	\$ 5,051,808	
CGP Construction Contingency	6,802,236	\$ 2,745,455	\$ 2,745,455	
Non-refundable HST 1	-	\$ 1,950,089	\$ 1,950,089	
<b>Henley Rowing Centre &amp; Other Capital Infrastructure</b>	<b>12,431,653</b>	<b>\$ 8,565,307</b>	<b>\$ -</b>	<b>\$ 8,565,307</b>
<b>TOTAL PROJECT COST</b>	<b>111,797,372</b>	<b>\$ 111,811,939</b>	<b>\$ 103,246,632</b>	<b>\$ 8,565,307</b>

(3) Expense contain Host budget allocation + equal match from Municipality; of \$1.9M for warm-up pool (Lincoln) was removed from budget; remaining expenses pertain to municipal projects and other Brock facility improvements

(4) Expense contain Host budget allocation + equal match from Municipality; November Budget assumed total preliminary Capital estimates

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**Subject: Canada Summer Games Final Bid Submission****Report to: Corporate Services Committee****Meeting date: January 11, 2017**

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**Recommendations**

That Report ED 2-2017, dated January 11, 2017, respecting the Canada Summer Games Final Bid Submission, **BE RECEIVED**, and that one of the following two options with respect to the bid to host the 2021 Canada Summer Games **BE SELECTED** by Regional Council.

**Option A**

1. That the Regional Municipality of Niagara's bid to host the 2021 Canada Summer Games **BE APPROVED**, in accordance with the 2021 Bid Procedures and Hosting Standards provided by the Canada Games Council and as described in this report;
2. That a \$3 million capital commitment to the Canada Summer Games **BE FUNDED** with debenture to be approved by budget amendment in 2017 should Niagara Region be successful in the bid, and;
3. That \$4 million operating commitment to the Canada Summer Games **BE FUNDED** at \$1 million annually over the four years, 2018 to 2021, plus the estimated debt servicing costs of \$334,000 through an increase in guidance of 0.4%, and;
4. That the Chair and Chief Administrative Officer **BE DIRECTED** to execute the Agreement to Undertake, MOU's with local municipalities providing facilities, and all other documents requiring a legal commitment on the part of Niagara Region, provided they are of the opinion that each document requested of Niagara Region is in accordance with the intent of the forgoing Council resolutions.

**Option B**

That, in addition to recommendations one through four in Option A, to match the commitment made by both the Federal and Provincial governments (\$10.35 million each), and in order to provide funding for future legacy projects related to the Canada Summer Games;

5. That up to \$3.35 million of funding **BE APPROVED** for legacy projects post-Games, with the provision of matching funds from additional stakeholders, appropriate approval by the Niagara Region, and that any amount would first be applied to any deficit to cap an overall Niagara Region contribution to the Games at \$10.35 million

## Key Facts

- The Canada Summer Games (CSG) are the country's largest multi-sport event for young athletes, with amateur competitors from all across Canada from the 13 provinces and territories.
- Canada's next generation of national, international and Olympic athletes compete in the Summer and Winter Games. This has included such competitors as Sidney Crosby, Steve Nash, Catriona Le May Doan, Eugenie Bouchard, Andre De Grasse, Russell Martin, Hayley Wickenheiser and Adam Van Koeverden.
- The Niagara Sport Commission (NSC) has projected an economic impact, at a low end, of \$180 million, support for 1,100 jobs, and \$57 million in salaries and wages by hosting the Games.
- The CSG are held for two weeks within the host community, involving up to 4,600 athletes across 17 different sports, including officials, trainers, and support staff. They attract over 80 hours of national television coverage (TSN/RDS), and over 30,000 visitors.
- A presentation on Niagara's final submission as part of the 2021 CSG is scheduled for Regional Council on January 19, 2017. This will be the final presentation prior to the bid being submitted on the January 31, 2017 deadline.
- The official launch of the formal process to select the 2021 host community was made on February 10, 2016. On September 12, 2016, the Canada Games Council announced that Niagara had been short-listed along with three other bids (Kitchener/Waterloo/Guelph, Ottawa and Sudbury).

- The process of selection is now a formal and disciplined process with both the Federal and Provincial governments each providing \$10.35 million for capital and operating costs to the host society (on behalf of the host community) for these Games.
- The NSC, representing the bid group, is requesting a commitment of \$7 million, consisting of the required commitment of \$3 million for capital expenditures plus an additional commitment of \$4 million (in cash or value in-kind) for operating expenditures. In addition, the Region is required to be responsible for any financial deficit associated with the Games.
- The committee is also requesting Council consider an additional contribution of \$3.35 million to match the capital and operating commitments made by each of the Federal and Provincial Governments (\$10.35 million).
- Local area municipalities, and other public sector partners (post-secondary institutions) are providing projected funding for operating and capital budgets of approximately \$6 million, in a blend of in-kind and cash commitments.

## **Considerations**

### **Financial**

In a memo dated December 22, 2016 (Appendix 1) the NSC has requested the following options be considered in advance of the final bid submission date of January 31, 2017.

Option A is a commitment of \$7.35 million. This option consists of the required commitment of \$3 million for capital expenditures and an additional commitment of \$4 million (in cash or value in-kind) for operating expenditures.

Option B includes the commitments in Option A plus an additional contribution of \$3.35 million to occur over time after 2021. As indicated by the bid group, this additional contribution would match the capital and operating commitment made by each of the Federal and Provincial Governments (\$10.35 million). In order to spread this contribution over time, the Region could consider structuring this commitment towards the legacy resulting from the Games in 2022 (if there is a financial deficit, this amount will be first applied to that deficit).

The funding request is supported by the Niagara Sports Commission total budget for the 2021 Canada Summer Games of \$44.5 million provided in Appendix 3. The budget

reflects combined Niagara Region and local municipality commitments of \$9.2 million, \$7 million from the Niagara Region and \$2.2 from the local area municipalities. The options for financing the Niagara Region contribution are explained below (Table 1) and proposed to be approved in the 2018 operating budget. Earlier commitment of the capital request would require an amendment to the 2017 budget with the public notice requirements in accordance with the Niagara Region policy. Summary of tax levy impacts is provided in Appendix 2.

**Table 1**

Budget Need	Funding Source	Amount
<b>Option A</b>		
Capital budget of \$3 million	Debenture	<b>\$334,000 per year for 10 years starting in 2017</b>
		Recommended: Requires \$334,000 from 2017 budget, possible from budget flexibility fund of \$767,350.  The Niagara Region is not likely to retain ownership of the assets being constructed. Debenture financing is permitted as long as Council provides a grant in accordance with the applicable legislation (section 107 of the Municipal Act, 2001), on the basis that in the opinion of Council it is in the interest of the Region to make such grant, and provided that such capital works will have a useful life at least equal to the term of the debentures to be issued.  The annual cost of servicing \$3 million in debt is approx. \$334,000, assuming 10-year debt at a borrowing rate of 2.07%, that would be funded in the operating budget in addition to the \$4 million operating requirement. The debt would be that of the Region and factor into the Region's S & P ratings and Annual Repayment Limit (ARL). The impact amounts to a 0.06% increase resulting in an ARL of 7.0%.
	Reserve	<b>Capital Levy Reserve</b>
		Insufficient funds in this reserve; not recommended
		<b>Taxpayer Relief Reserve</b>
		Current balance of \$22.5 million which represents 4.5% of gross operating expense. However, target is 10-15% of gross operating expense, thus existing shortfall of \$27 to \$52 million.  Not recommended as it will put at risk the Region's ability to address in year service delivery issues or respond to other



		opportunities that may arise such as Gateway and Industrial DC grant.
		<b>Infrastructure Deficit Reduction Fund</b>
		This reserve was initiated in 2017 to address infrastructure funding gap of Regionally owned infrastructure therefore it is not recommended
	Levy	<b>2018 budget increase of \$3 million</b>
		Represents an approximate 0.9% levy increase (which could negate other options from assessment growth). However, funding for commitments will be required in 2017/2018 therefore not recommended
		<b>2018 to 2021 budgets of \$750,000 per year.</b>
		Represents an approximate 0.22% levy increase starting in 2018. However, funding for commitments will be required in 2017/2018 therefore not recommended
Operating budget of \$4 million	Levy	<b>2018 to 2021 budgets of \$1 million per year</b>
		Recommended: In addition to the debenture for capital projects with annual cost of \$334,000, represents an approximate 0.4% levy guidance increase to the operating budget.
		<b>Growth assessment</b>
		Funding from assessment growth and upload.  See Table 2 below for items forecast in the 2017 budget. \$1.3 remaining could accommodate \$1 million plus \$334,000 for debt servicing costs but restricts opportunities for investments in economic prosperity initiatives and ability to mitigate service delivery costs for departments and ABCs therefore is not recommended
		<b>Re-allocate funds from other programs that will conclude</b>
		Programs may require increased longevity.  See Table 3 in particular for 2018 with Asset Management Planning, Port Robinson Ferry, and Planning's expedited approval that may require continued funding. The SWIFT commitment of \$1 million will be complete after the final 2018 allocation of \$200,000 (down from the \$400,000 committed for 2016 and 2017).

		This option flows funding to the Games based on the availability of funding which is lower in the earlier years but will be fully funded by 2021. This option is not recommended but may offer some opportunity after the initiatives below are fully considered in future year budgets with the complete business cases.
<b>Option B (in addition to Option A)</b>		
Legacy funding budget of \$3.35 million	Debenture	<b>\$375,000 per year for 10 years starting in 2017</b>
		Represents a 0.1% levy increase, thus when combined with the capital debenture, equates to an overall 0.5% levy increase.

**Table 2**

<b>Forecast Opportunities</b>	2018	2019	2020	2021
Growth - 1%	3,350,240	3,450,748	3,554,270	3,660,898
Incremental Upload	2,962,970	-	-	-
<b>Total</b>	<b>6,313,210</b>	<b>3,450,748</b>	<b>3,554,270</b>	<b>3,660,898</b>
<b>Forecast Requirements</b>				
Airports	2,200,000	-	-	-
TPR Reserve transfer reduction	390,000	310,000	-	-
Inter-Municipal Transit	511,733	293,900	-	-
Ash Tree Removal	450,000	400,000	-	-
Tax Increment Grants	1,440,335	124,624	-	-
<b>Total incremental requirements</b>	<b>4,992,068</b>	<b>1,128,524</b>	<b>-</b>	<b>-</b>
Amount remaining	1,321,142	2,322,224	3,554,270	3,660,898

**Table 3**

<b>Previous Program Changes expiring</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Asset Management	128,828	128,828	128,828	128,828
Port Robinson Ferry	66,500	66,500	66,500	66,500
Expedited approval (Planning)	120,501	120,501	120,501	120,501
Growth Strategy Projects	-	100,000	100,000	100,000
Broadband Initiative (SWIFT)	200,000	400,000	400,000	400,000
District Plans	-	-	-	195,176
Team Niagara	-	500,000	500,000	500,000
Niagara Investment in Culture	-	300,000	300,000	300,000
<b>Total</b>	<b>515,829</b>	<b>1,615,829</b>	<b>1,615,829</b>	<b>1,811,005</b>
Repurposing to Debt Requirements	(334,000)	(334,000)	(334,000)	(334,000)
Allocation to Games for the year	181,829	1,281,829	1,281,829	1,477,005
Cumulative Repurposing to Operator	181,829	1,463,658	2,745,487	4,222,492

## Corporate

If the Canada Summer Games Bid is successful there will be impacts on Corporate Services, the CAO's office and finance, human resources, legal and economic development support services. Further information on potential Niagara Region support is captured in the Analysis section under item "3. Bid Transition".

A successful bid would also provide an opportunity to showcase Niagara to the nation which aligns with a variety of Council's Strategic Priorities, including Moving People and Goods.

## Governmental Partners

Local area municipalities (LAMs) are partnering and supporting the bid from a funding perspective as well, with the municipalities of St. Catharines, Welland, Wainfleet, Niagara Falls, Lincoln, Port Colborne entering into Memorandums of Understanding (MOUs) with the Canada Summer Games Council, identifying municipal capital improvements and hosting requirements. Additional meetings to garner like support are taking place in advance of January 31, 2017 with the municipalities of Pelham, West Lincoln and Grimsby. The support from an operating and capital perspective from LAMs is approximately \$2 million.

As noted, both the Federal and Provincial governments will each provide \$10.35 million to support capital and operating costs of the 2021 Canada Summer Games to the selected host community. Additional financial support may be obtained through other

programming depending upon the source and type of request. Both Federal and Provincial governments will provide information support to highlight the 2021 Canada Summer Games and the host community.

## **Public and/or Service Users**

Through the bid proposal development, the bid committee has been seeking other public and private sources of funding to support the bid and potential new capital investments. In addition to the Niagara Region and LAMs, Brock University, Niagara College, Buffalo Canoe Club, Scotiabank Convention Centre and Canadian Henley Rowing Corporation are finalizing letters of commitment. Support from these partners from an operating and capital perspective would be in the range of \$4 million.

The bid committee will also be seeking additional regional partners for the bid process and if selected, the host society to operate the 2021 Canada Summer Games. The bid committee will also be seeking volunteers for the various activities to support the Games, athletes, officials and visitors- estimated at 6,000.

## **Analysis**

Based on the requirements listed in the 2021 Bid Procedures and Hosting Standards document provided by the Canada Games Council, the Niagara Region is required to make the following commitments related to its bid proposal for the 2021 Canada Games.

### **1. *Agreements***

- i. The Region will sign an Agreement to Undertake upon award of the Games which will reflect the above commitments as well as other key commitments, terms and conditions through the bid phase;
- ii. The Region will ensure that the host society, upon incorporation, will enter into a Joinder Agreement with the Canada Games Council which binds the host society to the Agreement to Undertake, and to the signing of the Trademarks Agreement and Hosting Agreement with the CGC; and
- iii. The Region will, in cooperation with its bid committee, for both municipally-owned/operated and private facilities, submit agreements at the bid level that comply with hosting standard #40-M-01.

### **2. *Financial***

- i. To be responsible for any financial deficit associated with the Games (capital and operating);

- ii. To contribute at least \$3 million to the host society (in cash) for capital expenditures;
- iii. To contribute \$4 million to the host society (in cash or value in-kind) for operating expenditures;
- iv. To commit \$3.35 million towards the legacy resulting from the Games (if there is a financial deficit, this amount will be first applied to that deficit) ; **-It should be noted that this would only apply if Council were to support Option B.**
- v. To provide confirmation of additional financial commitments (by way of MOU's and letters from other community partners) totalling an amount identified within the submitted operating budget (in cash or in-kind); and
- vi. To pay the first 25% of the Rights Fee and Transfer of Knowledge Fee (\$220,000) upon award of the Games (to be reimbursed from the host society once it is formed and has operating cash).

### 3. *Bid Transition*

- i. To provide appropriate capacity (both human and financial resources) to ensure an efficient transition from bidding community to the host society and to cooperate with the bid committee and Canada Games Council on the steps necessary to achieve this critical step upon the award of the Games and up until further public resources can be accessed.

The proposed operating support to the host society could be primarily in the form of financial guidance, direction and support with respect to the \$45 million combined operating and capital budget. Additional human resources support for the recruitment and hiring of host society staff, information technology equipment and support, office space and storage accommodations could be provided as well. If awarded the Games, the specific services and required host society funding to support resources would be negotiated in an MOU between the Niagara Region and the host society. A close working relationship in a number of these areas would be critical both to the success of the Games, and to operational oversight of a significant Regional investment.

### 4. *Airport*

A letter of confirmation from the airport authorities at Hamilton airport confirming that its airport and airport services will meet *Hosting Standard #60-M-06* will be forthcoming.

### 5. *Bid Sponsors*

- i. Bid communities have the authority and power to grant local community sponsors certain rights and opportunities, pertaining to the community bid only; and
- ii. Bid sponsors may be granted by the bidding community the rights, privileges, options and opportunities as a bid community sponsor to be exercised only

within the bid community during the term of the Bid Community Sponsorship Grant of Rights and Exclusions Agreement.

**6. *Sponsorship Team Approach and Principles***

- i. Bid communities and eventual host society must acknowledge the need to work within a team approach and abide by the guiding sponsorship principles referenced in Appendix E of the 2021 Bid Procedures and Hosting Standards document; and
- ii. The sponsorship team principles and team approach create additional sponsorship solicitation capacity to raise the appropriate outstanding revenue required and to minimize the risk associated with the municipality underwriting the deficit.

**7. *Legacy***

- i. The Region will ensure that the words “Canada Games” and “Jeux du Canada” and the Canada Games logo in accordance with the Council’s Graphics Standards Manual, are incorporated in the name of at least one major facility that is built or renovated for the Games, and the naming rights remain in perpetuity;
- ii. That facility will be branded with the Canada Games logo;
- iii. The Canada Games emblem will be used on external signage at that facility with the title then printed in English (Canada Games Centre) over French (Centre des Jeux du Canada) or vice versa; and
- iv. The Region will work with the host society and CGC to finalize details, and will submit the proposed new name and logo in writing for approval by CGC, taking into consideration key principles and elements identified in the CGCs Core Legacy Plan (Ref Hosting Standard #14-M-02).
- v. The Region confirms its understanding that the host society will develop a legacy plan, following the CGC’s Legacy Core Plan, to guide the documentation of all legacies resulting from the 2021 Canada Summer Games, including the potential distribution of financial legacies, planned and/or surplus. (Reference Hosting Standard #14-M-01)

**Economic Benefits**

After each Canada Games, the host society must conduct an economic impact study using the Canadian Sport Tourism Alliance (CSTA) STEAM model. The study for the last Canada Summer Games (2013 in Sherbrooke) determined that it had an economic impact of \$165 million, and supported more than 1,111 jobs and \$54 million in wages and salaries.

While Canada Winter Games are somewhat smaller than Summer Games, studies for the last two Canada Winter Games (2011 in Halifax, and 2015 in Prince George)

determined that they had economic impacts of \$123 to \$130 million, and supported 693 to 1,100 jobs and \$40 to \$43 million in wages and salaries.

According to the CSTA, the return on investment of a Canada Games is comparable to a Grey Cup or World Junior Hockey Championship. Further, it is important to note that none of the last 12 Canada Games have operated at a deficit.

The Niagara Sport Commission used the CSTA STEAM model to project the economic impact of hosting the 2021 Canada Summer Games in Niagara. It projects an economic impact of \$180 to \$240 million, and support for approximately 1,150 to 1,500 jobs, and \$57 to \$76 million in wages and salaries.

*This projected range of economic impacts varies according to the inputs used for the model regarding the extent of capital infrastructure that is built as part of the Games (between \$15 and \$40 million).*

#### Indirect Benefits (Future Sporting Events)

The new and upgraded sport facilities and equipment resulting from hosting the 2021 Canada Summer Games would provide important facilities for future hosting opportunities for regional, provincial, national, and international events with economic benefits for Niagara in sports such as track and field, wrestling, volleyball and cycling.

#### Health Benefits

The 2021 Canada Summer Games would generate a wide range of health benefits for the people of Niagara. The bid group is working with Niagara Public Health, Brock University and community partners to develop programs and events to plan and measure a sustainable health legacy for Niagara from the Games, including the provision of new and upgraded sports facilities for both able-bodied athletes and those with disabilities and requiring special needs.

#### Developing Niagara's next generation of Olympians

The new and upgraded sport facilities and equipment resulting from hosting the 2021 Canada Summer Games in Niagara would help develop Niagara's next generation of Olympic and Paralympic athletes. Facilities such as a new training centre at the Henley rowing course and a Regional Centre for the Canadian Sport Institute of Ontario (CSIO) would provide Niagara's aspiring Olympic and Paralympic athletes with a much greater opportunity to achieve their dreams. The CSIO is part of a national network of centres created to provide world-class coaching and training for Canada's current and future Olympic and Paralympic athletes. The CSIO is interested in establishing a Regional Centre in Niagara as part of the 2021 Canada Summer Games. That Regional Centre would provide critical assistance to all aspiring Olympic and Paralympic athletes in Niagara, with a particular focus on sports that are strategic to our Region such as wrestling, rowing, cycling, canoe/kayak and certain para sports.

## **Raising Niagara's Profile**

The Canada Games are a national event, celebrated locally. They provide Niagara with an opportunity to showcase itself to a national audience – through a national marketing campaign in advance of the Games and considerable media attention during the Games. For example, 400 media members will attend the Games which will have over 80 hours of national TV coverage (on TSN and RDS), over 350,000 webcast views and an external reach of 5 million people.

It is anticipated that a Canada Summer Games in Niagara would have approximately 30,000 visitors. A large number of the Canada Games attendees are VIP's that attend the opening and/or closing ceremonies, a Ministers' conference, VIP receptions and sport competitions. These VIP's include the Prime Minister, Governor General and other dignitaries.

A Canada Summer Games in Niagara would also be an incredible opportunity for the many partners who would be involved in the Games to showcase themselves. This includes many local businesses who would sponsor or otherwise contribute to the Games, as well as other partners such as Brock University and Niagara College. As the location of the athlete village, Brock University would have the opportunity to showcase itself to over 4,600 young athletes from across Canada. Further, Niagara College would be providing a number of innovative training and experiential education programs to its students as part of the planning and delivery of the Games.

## **Raising Niagara's Spirit**

Nothing brings a community together or raises its spirit more than a celebration. The 2021 Canada Summer Games will be a celebration of youth, sport and culture. Programs and events in all 12 municipalities would engage the entire Region. These programs and events would include a torch relay and mascot program that would occur throughout the Region in order to engage the entire Niagara community and recruit the 4,000 or more volunteers who would help deliver the Games. There would also be programs to celebrate our diversity and multiculturalism and include host indigenous peoples.

## **Alternatives Reviewed**

Staff have explored the following alternatives during the preparation of this report:

- Do not proceed with the final bid process- this option does not require any financing or concerns over future liabilities or supervision of process. It also



means that the Niagara Region is not participating in any effort to host the 2021 Canada Summer Games.

- Proceed as outlined to formally submit the final bid proposal for Niagara Region, with the additional \$3.35 million in financial contribution for legacy capital only if the provincial and federal governments contribute to the legacy project. Funded in the same way as the \$3 million capital request would result in additional \$375,000 in annual debt servicing costs, or an additional 0.1% increase in the levy for a total of 0.5% levy impact.

### **Origin of Report**

Report ED 1-2016 outlined the opportunity associated with the 2021 Canada Summer Games proposal for Niagara Region and partners to bid to host the games. The recommendations were approved on February 25 and March 24 per reports ED 1-2016 and CSD-24-2016.

On May 19 Council approved per report CSC-C12-2016 that the Niagara Region formally submit a letter and payment of \$20,000 as an intention to bid on the 2021 Canada Summer Games. On October 27 Council approved per report CSC-C21-2016 that Regional Council provide the Niagara Sport Commission \$100,000 for the purposes of preparing a final bid for the 2021 Canada Summer Games.

This report is intended to provide Council with the details of the final submission prior to the January 31, 2017 submission deadline.

### **Other Pertinent Reports**

None

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#### **Submitted by:**

David Oakes, Director  
Economic Development

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#### **Approved by:**

Carmelo D'Angelo, BSc, MPA  
Chief Administrative Officer

*This report was prepared by David Oakes, Director, Economic Development and Dan Pilon, Associate Director, Organizational Performance, and reviewed by Jason Burgess, Acting Commissioner, Corporate Services, and Helen Chamberlain, Director of Financial Management and Planning/Deputy Treasurer*

## **Appendices**

Appendix 1	Memo from Niagara Sport Commission
Appendix 2	Tax Levy Impact of Financial Requirements
Appendix 3	Niagara Sport Commission - 2021 Canada Summer Games Budget

**MEMORANDUM**

**TO:** David Oakes, Director – Economic Development

**CC:** Dan Pilon, Associate Director – Performance and Business Consulting

**FROM:** 2021 Canada Games – Niagara Bid Group

**DATE:** December 22<sup>nd</sup>, 2016

**SUBJECT:** 2021 Canada Games Regional Resolution

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There is tremendous support in Niagara for the Region's Bid to host the 2021 Canada Summer Games. With events for every community, all of Niagara will be engaged. The Bid Group includes many passionate community leaders who have been working to develop an exciting plan for the Games – a plan that will be transformative for Niagara. There has been tremendous support for this plan from Niagara's local municipalities and other community partners.

There will be many benefits for Niagara in hosting these Games. Those benefits are summarized in an attached document, and include a projected economic benefit of approximately \$200 million.

Importantly, hosting the 2021 Canada Summer Games provides an opportunity to leverage investment in Niagara from the Provincial and Federal Governments. The Provincial and Federal Governments have each committed \$10.35 million for the Games - \$7.35 million for operating expenditures and \$3 million for capital expenditures.

We have discussed different options for the Region's financial commitment for the Games. One option currently being considered by the Region is a commitment of \$7.35 million. This option (Option #1) consists of the required commitment of \$3 million (in cash) for capital expenditures and an additional commitment of \$4 million (in cash or VIK) for operating expenditures.

As discussed below, the Bid Group also recommends that the Region consider another option. That option (Option #2) is to match the commitment made by each of the Federal and Provincial Governments – i.e., a commitment of \$10.35 million. This option would include the required commitment of \$3 million (in cash) for capital expenditures and an additional commitment of \$7.35 million (in cash or VIK) for operating expenditures and legacy expenditures made after the Games.

Option #2 would be consistent with a common government funding model (one-third: one-third: one third) and would send an important message concerning the Region's desire to host the Games.

As you are aware, the Canada Games Council requires that a Bid Community agree to be responsible for any financial deficit associated with the Games (Capital and Operating). In order to project whether such a deficit might occur, the Bid Group has been working diligently to prepare a projected Operating and Capital Budget for the Games. The most current version is attached. An independent assessment of the projected Budget was undertaken by Barb Anderson, the CFO of the TO2015 Pan/Parapan Am Games. Ms. Anderson's assessment is also attached. Ms. Anderson was "impressed with the level of analysis that has gone into the preparation of the Budget", and considers the Bid Group's plan to be "feasible" and "a financially sound financial plan to ensure the successful delivery of the 2021 Canada Games".

As indicated in the attached Budget, the Bid Group is currently projecting an operating deficit of approximately \$4 million. An additional financial commitment of \$4 million for operating expenditures (i.e. Option #1) will alleviate the potential for there to be any financial operating deficit. It is important to note that some of this commitment could be generated by VIK, thereby reducing the need for all of the contribution to be made in cash.

An additional financial commitment of \$7.35 million for operating and legacy expenditures (i.e. Option #2) would further alleviate the potential for there to be any financial operating deficit. In order to spread this contribution over time, the Region could consider structuring this commitment as follows:

- To contribute \$4 million to the Host Society (in cash or VIK) for operating expenditures; and
- To commit \$3.35 million towards the legacy resulting from the Games (if there is a financial deficit, this amount will be first applied to that deficit).

The first contribution (i.e., \$4 million) would occur between 2018 and 2021.

The second contribution (i.e. \$3.35 million) would occur over time after 2021. Adding a condition that this amount be first applied to any deficit will alleviate any concern that the Region's total additional contribution may exceed \$7.35 million.

We have attached a draft of the Resolution required by the Canada Games Council as part of the Region's Bid Proposal due at the end of January. Most of the commitments in the

attached draft Resolution are required by the Canada Games Council. The additional financial commitment discussed above is highlighted. For the purposes of this draft, we have included an additional financial commitment of \$7.35 million structured as above (see the highlighted portions).

We would be pleased to discuss this further at your convenience.

## Tax Levy Impact of Financial Requirements

	2018	2019	2020	2021
Estimated tax levy	\$ 339,660,000	\$ 346,453,200	\$ 353,382,264	\$ 360,449,909
<hr/>				
Option A				
For Operations	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
For Capital	\$ 334,000	\$ 334,000	\$ 334,000	\$ 334,000
Total	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000
<hr/>				
% impact on Levy	0.4%	0.4%	0.4%	0.4%
<hr/>				
Option B				
For Operations	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
For Capital	\$ 334,000	\$ 334,000	\$ 334,000	\$ 334,000
Total	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000
Total Growth and upload	\$ (6,313,210)	\$ (3,450,748)	\$ (3,554,270)	\$ (3,660,898)
Forecast allocations of Growth and upload	\$ 4,992,068	\$ 1,128,524		
Available for Dept, ABC growth and programs	\$ -	\$ 988,592	\$ 2,220,639	\$ 2,327,267
Net impact	\$ 12,858	\$ 368	\$ 369	\$ 369
<hr/>				
% impact on Levy	0.0%	0.0%	0.0%	0.0%
<hr/>				
Option C				
For Operations	\$ 181,829	\$ 1,281,829	\$ 1,281,829	\$ 1,254,513
For Capital	\$ 334,000	\$ 334,000	\$ 334,000	\$ 334,000
Total	\$ 515,829	\$ 1,615,829	\$ 1,615,829	\$ 1,588,513
offset with time limited program changes	\$ (515,829)	\$ (1,615,829)	\$ (1,615,829)	\$ (1,588,513)
Net impact	\$ -	\$ -	\$ -	\$ -
<hr/>				
% impact on Levy	0.0%	0.0%	0.0%	0.0%
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Niagara Sport Commission - 2021 Canada Summer Games Budget

REVENUES	Event Budget Summary		
	Operating	Capital	Total
Functional Area			
Government of Canada	\$7,350,000	\$3,000,000	\$10,350,000
Provincial Government	\$7,350,000	\$3,000,000	\$10,350,000
Municipal Government (Operating - VIK / Capital - CASH)	\$5,597,978	\$3,617,400	\$9,215,378
Other Public Institutions & Sport Organizations (VIK)	\$4,047,513	\$0	\$4,047,513
Net Sponsorship (VIK & CASH)	\$8,520,920	0	\$8,520,920
Broadcast Revenue	\$25,000	0	\$25,000
Ticketing	\$1,075,000	0	\$1,075,000
Merchandise & Licensing	\$150,000	0	\$150,000
Other Revenue	\$785,000	0	\$785,000
TOTAL REVENUES	<u>\$34,901,411</u>	<u>\$9,617,400</u>	<u>\$44,518,811</u>
EXPENDITURES			
CEO	\$1,121,900	0	\$1,121,900
Board of Directors	\$75,000	0	\$75,000
Legacy	\$11,000	0	\$11,000
Protocol, Hosting and Hospitality	\$435,000	0	\$435,000
Planning and Transfer of Knowledge	\$113,000	0	\$113,000
Legal	\$100,000	0	\$100,000
Financial Services	\$131,000	0	\$131,000
Risk Management	\$150,000	0	\$150,000
Office Administration and Services	\$533,500	0	\$533,500
Staffing	\$9,083,714	0	\$9,083,714
Volunteers	\$852,800	0	\$852,800
Registration and Accreditation	\$38,500	0	\$38,500
Sports Operations	\$2,676,003	0	\$2,676,003
Sport Venue Operations	\$1,061,525	0	\$1,061,525
Capital Construction	0	\$9,409,500	\$9,409,500
Venue Overlay	\$1,414,000	0	\$1,414,000
Signage, Pageantry and Fabrication	\$510,000	0	\$510,000
Village Accommodations	\$5,474,600	0	\$5,474,600
Mission Services	\$134,670	0	\$134,670
Food Services	\$0	0	\$0
Accommodations (Non-Competitors)	\$0	0	\$0
Security	\$290,000	0	\$290,000
Medical	\$260,850	0	\$260,850
Transportation	\$890,900	0	\$890,900
Materials Management	\$316,000	0	\$316,000
Technology	\$1,124,425	0	\$1,124,425
Broadcasting	\$1,637,000	0	\$1,637,000
Community Relations	\$251,600	0	\$251,600
Media Relations	\$36,300	0	\$36,300
Official Languages	\$50,000	0	\$50,000
Marketing	\$1,125,300	0	\$1,125,300
Publications	\$37,500	0	\$37,500
Corporate and Community Fundraising	\$756,750	0	\$756,750
Merchandising	\$83,000	0	\$83,000
Ticketing	\$127,500	0	\$127,500
Opening and Closing Ceremonies	\$1,517,464	0	\$1,517,464
Artistic Festivals	\$333,732	0	\$333,732
Essential Services	\$120,000	0	\$120,000
GST Costs	\$1,011,625	0	\$1,011,625
Contingency	\$1,012,969	\$207,900	\$1,220,869
TOTAL EXPENSES	<u>\$34,899,127</u>	<u>\$9,617,400</u>	<u>\$44,516,527</u>
SURPLUS/(DEFICIT)	<u>\$2,284</u>	<u>\$0</u>	<u>\$2,284</u>

BARBARA G. ANDERSON MBA, CPA CA  
905-330-1523, BARBARA.ANDERSON71@GMAIL.COM



Mr. Bram Cotton  
2021 Canada Summer Games Niagara Bid Group

Dear Mr. Cotton

I have had the pleasure of reviewing the detailed Business Plan for the proposal for the 2021 Canada Games. I was the CFO for the TO2015 Pan/Parapan American Games where we delivered both the Capital and Operating plan under budget to deliver a surplus. In addition, I have over 30 years of senior financial management in the private and public sector.

From my experience, most recently with the Pan/Parapan American Games, the level of detail required to submit the bid is extensive at this stage of planning and was impressed with the level of analysis that has gone into the preparation of the budget for submission.

I have had a thorough review of the plan with the management of the Bid Committee, discussed my observations with them and believe that they have a feasible plan to submit for the bid.

I believe that the Bid Committee has an innovative proposal and a financially sound financial plan to ensure the successful delivery of the 2021 Canada Games.

Sincerely

Ms. Barbara Anderson, MBA, CPA CA



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**Subject:** Canada Summer Games

**Report to:** Regional Council

**Report date:** Thursday, May 16, 2019

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## Recommendations

1. That Report CAO 5-2019, dated May 10, 2019, respecting the Canada Summer Games **BE RECEIVED**, and Regional Council **APPROVE** an additional capital budget commitment of \$13.7 Million (to be allocated from Federal gas tax funding) subject to the commitment of additional funding by the Federal Government, local municipal partners and Brock University.
2. That Regional Council **PASS A RESOLUTION** asking the Ontario provincial government to commit additional capital funding consistent with the bid submission to the proposed 2021 Canada Summer Games legacy projects.

## Key Facts

- Niagara Region was selected as the site of the Canada Summer Games (CSG) in 2021 which will bring more than 5000 elite level Canadian junior athletes from across all 13 provinces and territories to compete against one another in Niagara. The Canada Games are the country's largest multi-sport event for young athletes and are recognized as a critical competitive step for elite level Canadian athletes as they develop to compete at senior national and international events. It is also the only national or international event where both Para-athletes and Special Olympic athletes participate in the event inclusively.
- The CSG will be held over a two-week period in August 2021, involving competition in 18 sporting events. These sports attract over 80 hours of national television coverage (TSN/RDS). Prior CSG events have attracted an additional 30,000+ visitors to the host communities.
- The community has already pulled together to create a successful bid. Throughout, all 12 municipalities have fully endorsed Niagara hosting the CSG recognizing that by hosting the games each municipality will benefit. The Niagara Region has acted as the catalyst on this project throughout recognizing that hosting the CSG will directly impact all municipalities positively.
- In addition, multiple major stakeholders were involved from across different public and private sectors. By supporting this increased funding proposal, this would add to our local infrastructure assets while continuing to demonstrate the cooperation between local and regional municipalities and our local educational institutions.
- As the host community, Niagara Region committed \$7 million, consisting of a required commitment of \$3 million for capital expenditures plus an additional \$4

million commitment (in cash or value in kind) for operating expenditures. The Federal and Provincial governments have each committed to provide \$10.35 million for capital and operating costs to the host society in return for hosting the 2021 CSG. The Federal government will contribute an additional \$1.2 Million to the operations of the games for the addition of lacrosse events.

- Niagara Region also approved up to \$3.35 million in additional funding for post-games legacy projects, however these funds would be first applied to any deficit given that the Niagara Region is responsible for any financial deficit associated with the 2021 CSG.
- The total legacy capital budget is now estimated to be \$98.8 million. This will deliver a number of legacy infrastructure investments across Niagara. Two key elements included within the infrastructure plan are, the Canada Games Park, which is a multi-sport and recreation complex located on the Brock University campus opposite the Niagara Region HQ and proposed enhancements to the Henley rowing facility.
- The capital funding formula requires all funding partners to increase their contributions. The Federal government has provided positive indications that subject to commitments of increased funding at the local level a request for increased capital funding up to \$49.4 Million will be considered. There has been no indication from the Provincial government any increased funding will be available.
- Legacy capital projects considered in the original bid in Local Area Municipality's have committed funding. The City of Thorold and the City of St. Catharines are in the process of securing additional funding in the amount of \$15 million.
- The Region is being asked to fund an additional \$13.7 Million contingent on our municipal partners securing the remaining \$15 Million. The urgency of this request is due to the immediacy of the construction of the facilities as well as delays in the commencement of the Infrastructure Community Investment Program (ICIP) which was targeted to be a funding source for this project.

## **Financial Considerations**

The Canada Summer Games Board are finalizing its business plan to the Federal government for consideration. The funding request has been modified from the initial submission with the finalization of the legacy capital projects.

To ensure that the capital projects are funded, the CSG committee has revised the funding model from the initial bid submission. The proposed funding model requires additional contributions from the Federal government, Brock University, the City of St. Catharines and the City of Thorold, as well as funding from the CSG committee. To-date, the Province's contribution has remained the same as the initial bid submission. Likewise funding contributions from other participating local municipalities has remained the same.

In the proposed funding model, the committee has requested that Niagara Region increase the funding component from the initial capital approval of \$6.35 million. The

additional funding requested under this proposed plan is \$13.7 million (approx.). The contributions from all parties is as follows:

Table 1: Proposed Canada Summer Games Capital Project Funding

	Canada Games Park , Henley & Other CSG Projects
<b>Total Project Cost</b>	<b>\$98,822,571</b>
Federal* Contribution	\$49,411,286
Provincial Contribution	\$3,000,000
Brock** <i>contribution</i> (net of Land \$6,500,000)	\$4,000,000
<i>CSG Sponsorship</i>	\$6,500,000
LAM - other facility improvement Contributions	\$874,500
Thorold Contribution*: excluding Land Servicing Costs	\$5,000,000
St Catharines Contribution*	\$10,000,000
Niagara Region Upfront Contribution	\$3,000,000
Niagara Region Pre-Approved Legacy Contribution	\$3,350,000
<b>Niagara Region Deficit Funding Request</b>	<b>\$13,686,786</b>

\* *pending approval and confirmation of funding*

\*\* Brock University is committing \$500,000 with a further \$3,500,000 in kind

The Region's approved 2019 budget does not incorporate this request. The recently approved Federal Budget has provided funding to Ontario Municipalities through the Federal Gas Tax. The Region will receive a one-time additional payment of FGT funding which, based on 2018's actual, will be approximately \$13,738,782.

This is a significant increase compared to previous year's announcements. The federal government has encouraged that this one time amount be used on shovel ready projects that are eligible under the gas tax program. In addition, this funding has been identified to be used for projects that may be delayed under the ICIP. The CSG legacy capital projects meet these requirements. While the Region has a significant number of capital projects that meet the eligibility of the gas tax program, there are no projects that are shovel ready under the ICIP program. The CSG legacy capital projects would meet this requirement.

The construction deadline to meet the needs of the 2021 Canada Summer Games requires funding commitments to be in place immediately.

### Ownership of buildings

A consortium of the local partners is being developed to own, operate and maintain the Canada Games Park. The Region presently is investigating whether the use of Federal Gas tax funding will require a stake in the consortium.

Further, the governance review may impact the consortium partners involved in the consortium.

## **Analysis**

### **Corporate Impact**

The bid to host the CSG highlighted the Region's ability to be a local catalyst and collaborator with local partners in both the public and private sector. It also demonstrates our ability to deliver on our community vision of *'being a unified community of communities with diverse opportunities and qualities – together we strive for a better tomorrow'*.

The delivery of a successful CSG is imperative to the reputation of the Niagara Region and our local & municipal partners; it will provide a two-week window for Niagara to showcase itself to the rest of Canada beyond its beautiful waterfall and bountiful wineries.

### **Raising Niagara's Profile**

The Canada Games are a national event, celebrated locally. They provide Niagara with an opportunity to showcase itself to a national audience through national marketing campaigns in advance of the Games and considerable media attention during the Games. Typically, 400 media members will attend the Games which will have over 80 hours of national TV coverage (on TSN and RDS), over 350,000 webcast views and an external reach of over 5 million people.

It is anticipated that the 2021 Canada Summer Games will increase visitation to Niagara by approximately 30,000. A large number of attendees are VIPs and dignitaries that attend the opening and/or closing ceremonies, a Ministers conference, VIP receptions and sporting competitions. The VIP's include the Prime Minister, Governor General and other dignitaries.

The Canada Summer Games is a showcase opportunity for Niagara as a community, including its residents, local businesses and local government and educational institutions. These showcase opportunities would be further enhanced via new community facilities.

Brock University is intended to be the athlete's village which would be in close proximity to the proposed Canada Games Park. This would create a hub of activity around the

Niagara Region Headquarters and would be an opportunity to highlight progress on the Brock District Plan with the new International Plaza and Civic Park being focal points. With events planned in every municipality, it also creates an opportunity to showcase locations across the Region to a national TV audience.

## **Community Impact**

### Infrastructure Benefits

Through hosting the Canada Summer Games, this has afforded the Niagara Region to opportunity to invest in our community through planned improvements to local infrastructure across Niagara. The approval of increased Regional funding along with additional Federal funding would support two marquee legacy facilities.

The Canada Game Park, which will include:

- Sport and Abilities Centre – with Canadian Sport Institute of Ontario Regional Centre, Centre for Health and Well-Being, Para-Sport Gymnasium, Twin-Pad Ice-Box for box lacrosse and ice sports, and sport offices;
- Outdoor Cycling and Environmental Sustainability Centre;
- Athletics Facility;
- Beach Volleyball Centre; and
- Rowing Centre as a key satellite facility.



## Henley Rowing facility



Post-Canada Summer Games operating and tri-party management planning for the legacy facilities is in development to ensure these facilities remain available to the community after the games has ended.

A recognized benefit of hosting the Canada Summer Games is the legacy infrastructure that remains post-games. At the 2019 Canada Winter Games, Red Deer invested a total of \$250 Million in legacy infrastructure projects.

## Health Benefits

There has been significant research which demonstrates increasing access to sports and recreation increases physical activity within communities. In the 2015 report Framework for Recreation in Canada, researchers highlight five goals which support community health. Two of which are: *Ensure the provision of supportive physical and social environments that encourage participation in recreation and help build strong, caring communities*, and, *ensure the continued growth and sustainability of the recreation field*.

The legacy projects outlined support both of these goals through increasing our community recreation assets while also creating hubs for sports and recreation participation. National and International research has long demonstrated the link between increased availability of sports and recreation facilities and increased physical activity. Research suggests this benefit is emphasized where there is a multitude of travel options available to these facilities.

In Niagara 59.5% of individuals reported to be either overweight or obese (CCHS, 2015-15). Aligned with this, 21.9% of individuals were found to be below physical activity recommendations as per Canada's Physical Activity Guide (CCHS, 2015-16). 20.8% of individuals report no physical activity at all and this group is predominantly made up of seniors (+65).

By further investing in the Canada Summer Games infrastructure, this will increase access to sports and recreation facilities for all of Niagara's residents while also allowing for targeted access/participation by the key demographics in partnership with municipalities and local health care providers.

### Culture and Reconciliation

The Canada Summer Games is built on the concept of unifying Canada in a local setting, and celebrating that local setting. It will be a celebration of youth, sport and culture with planned programs and cultural events within each of the 12 municipalities. The game will support community engagement and increased volunteerism with more than 4,000 volunteers needed to support games delivery.

There is a strong theme of embracing Canadian heritage planned in the run up to the games and during the event. This is an opportunity to highlight our community as inclusive and diverse, celebrate our local francophone and indigenous communities as well as show case reconciliation efforts in Niagara to a national audience. The more than 5000 young athletes would become brand ambassadors for Niagara in the future through experiencing the best of the Niagara Region.

### Local and elite sport participation

By investing in these facilities, Niagara will have leading class sports and para-sports facilities which can be used by the community at large while also hosting future national and international sporting and para-sporting events.

The success of the Canada Summer Games bid has already seen success in this area with the 2017 Scotties – Tournament of Hearts, the 2018 FIBA U18 Basketball Championships, and 2016 IIHF Ice Hockey Women U18 World Championships all being held in Niagara.

Further investment in the two major infrastructure projects outlined within this report will increase our ability to potentially host future national and international sporting events. One such example is the 2024 World Rowing Championships if the improvements to the Henley Rowing facility are approved.

Having these leading class legacy facilities will support the promotion of local sports participation in Niagara; this in turn will promote physical activity while also allowing for the development of local athletic talent here in Niagara.

Historically, developing Niagara athletes have needed to travel into the Greater Toronto Areas regularly for training, access to coaching and competitive events. By investing in these facilities, all of these things would be available here in Niagara and would promote athletic excellence locally.

This investment also opens up the potential for the relocation of elite athletes and teams to Niagara. Again, we have already seen some success in this area with the Toronto Maple Leafs hosting training events in Niagara in recent years. Another good example of this is the development of the Meridian Centre in St. Catharines and subsequent ability to secure the Niagara River Lions as a local community asset.

### **Economic Impact**

After each Canada Games, the host society must conduct an economic impact study using the Canadian Sport Tourism Alliance (CSTA) STEAM model. The study for the 2013 Canada Summer Games (Sherbrooke) determine that it had an economic impact of \$165 million, and supported more than 1,111 jobs and \$54 million in wages and salaries.

The Canada Winter Games are smaller than the Summer Games, but studies of the 2011 (Halifax) and 2015 (Prince George) determined they had economic impacts of \$123 to \$130 million, supported 693 to 1,100 jobs and \$40 to \$43 million in wages and salaries.

The economic impact demonstrated above is similar to that of a Grey Cup or hosting the World Junior Hockey Championship.

Prior to bidding for the Canada Summer Games the Niagara Sport Commission used the CSTA STEAM model to project the economic impact of hosting the 2021 Canada Summer Games. It projected an economic impact of \$180 to \$240 million, and support for approximately 1,150 to 1,500 jobs, and \$57 to \$76 million in wages and salaries.

This projection was based on a total capital infrastructure investment of between \$15 and \$40 million. The 2021 Canada Summer Games Host Organizing Committee is adjusting these projections in line with the new proposed capital infrastructure investment of \$98.8 million. Increasing the investment on capital infrastructure projects increases the local economic impact.

### **Alternatives Reviewed**

Staff are recommending the proposal is funded by the \$13.7 million one-time Federal Gas tax funding. If Regional Council deny this funding proposal, the Gas Tax funding could be invested in alternate infrastructure projects in line with the terms of the Gas Tax funding agreement addressing the Region's capital deficit.

Council could also consider alternative funding options such as the issuance of additional debt (0.44% levy) or, the authorization of a one-time Special Purpose Levy (3.74% levy). Neither of these funding models are recommended.



## **Relationship to Council Strategic Priorities**

Demonstrates our ability to deliver on our community vision of *'being a unified community of communities with diverse opportunities and qualities – together we strive for a better tomorrow'*.

## **Other Pertinent Reports**

ED 2-2017  
CSC 1-2017  
CL 11-2017  
CL-C 123-2017

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### **Prepared by:**

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Manager, CQI  
Public Health & Emergency Services

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### **Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Enterprise Resource Management  
Services

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### **Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with Heather Talbot, Financial & Special Projects Consultant.*

**Subject:** Canada Summer Games Capital Budget Initiation

**Report to:** Regional Council

**Report date:** Thursday, November 21, 2019

## Recommendations

1. That financing in the amount of \$20,036,786 gross and \$6,350,000 net **BE INITIATED** from the capital budget for Canada Summer Games (20000751) and that the project BE FUNDED as follows:
 

Debt	\$6,350,000
Federal Gas Tax	\$13,686,786
2. That the Chair and Regional Clerk **BE AUTHORIZED** to execute the Definitive Agreements for Canada Summer Games Sport and Ability Centre described herein between the Niagara Region and variously The City of St. Catharines, The City of Thorold, Brock University, 2021 Canada Games Host Society Inc., Her Majesty the Queen in Right of the Province of Ontario, and Her Majesty the Queen in Right of Canada; provided the financial terms and conditions of these agreements do not exceed funds approved by Council and all terms and conditions are satisfactory to the CAO and Director of Legal and Court Services.
3. That Regional Council **APPROVE** that the Niagara Region be a joint owner (25%) in the Canada Games Park with an annual financial contribution to the facility's capital reserve equal to 25% of 1.5% of the cost of construction, beginning in 2022, subject to equal contributions from The City of St. Catharines, The City of Thorold, and Brock University.
4. That the Region's share of external Legal Counsel and Project Management fees in partnership with The City of St. Catharines, The City of Thorold, Brock University, 2021 Canada Games Host Society Inc **BE APPROVED** to be accommodated within base budget.
5. That staff **BE DIRECTED** to report back to Regional Council for approval prior to advancing any additional funds beyond approval in Recommendation 1.
6. That the necessary by-laws **BE PREPARED** and **PRESENTED** to Council for consideration.

## Key Facts

- The purpose of this report is to initiate the previously approved Canada Summer Games (CSG) Legacy capital funding (\$20,036,786) and to inform Council of the Definitive Agreements necessary for construction and operations of Canada Games

Park, historical CSG project cost estimates, operating and /or capital deficit obligations and Canada Games Park (CGP) annual operating commitments.

- In 2017, the Canada Games Council announced Niagara Region as the successful municipality to host the 2021 Canada Summer Games (CSG) with an estimated operating budget of \$34.9 million and capital budget of \$9.6 million (ED 2-2017 APPENDIX 1). Niagara Region approved a maximum contribution of \$10.35 million including \$3.0 million for capital, \$4.0 million for operating plus up to an additional \$3.35 million in funding for post-games legacy projects.
- In May 2019 (CAO 5-2019 APPENDIX 2), Regional Council approved an additional capital budget commitment of \$13.7 million towards the legacy project as a backstop to the uncommitted provincial funding and subject to the commitment of additional funding from other stakeholders. This brought the Region's total capital contribution to \$20.05 million which included the previously approved but uninitiated \$3.35 million legacy project/deficit funding.
- In September 2019, the Host Society issued a Request for Tender (RFT) for the Canada Games Park (CGP) and the Henley Rowing Centre (HRC) and it is currently pending final tender negotiations. The most recent Class A construction project estimate reflects a total CSG Legacy capital cost of \$111.8 million. The total revised operating and capital budget for 2021 CSG is \$146.7 million.
- Based on the now confirmed funding commitments of the Federal and Provincial Governments, the Region's 2021 CSG operating and capital commitment is \$24.05 million. As per the original Transfer Payment Agreement (TPA), the Niagara Region has made commitments regarding operating and/or capital deficits associated with the CSG. If the Niagara Region is required to fund any future deficits, those funds would be included in future year budgets subject to Council approval.
- A number of Definitive Agreements (including a Consortium Agreement and Project Agreement) and governance model between the four owners relating to Canada Games Park continue to be negotiated (see APPENDIX 3 for list of Agreements).
- The Niagara Region, in partnership with the CSG Host Society, Brock, St. Catharines, and Thorold, have engaged external Legal Counsel to execute the Definitive Agreements and propose to engage a Project Management Firm to oversee the construction of the asset.
- The Region is requesting equal ownership (25%) with the City St. Catharines, City of Thorold and Brock University in the CGP after construction is complete. The Region will not be responsible for any post construction operating expenditures, but would be required to provide 25% of the annual required transfer to capital reserve to ensure sufficient funds exist for all future capital replacements. The partner contributions to reserve are ¼ of 1.5% cost of construction (estimated at \$0.31 million) beginning in 2022, and increasing annually at the rate of inflation.

- The total Legacy capital budget includes a number of investments across Niagara plus two large infrastructure projects, the Canada Games Park, which is a multi-sport and recreation complex located on the Brock University campus opposite the Niagara Region HQ and the Henley Rowing Centre, which is an off-water training and support facility located on Henley Island.

## Financial Considerations

The 2021 Canada Summer Games budget, including both the original operating budget and revised Legacy capital budget is \$146.7 million. The summarized Legacy capital budget expenses and financial commitments are provided in Table 1 below. The CSG capital budget of \$111.8 million, presented by the 2021 Canada Games Host Society, includes two large infrastructure projects; the Canada Games Park (CGP), which is a multi-sport and recreation complex located on the Brock University campus opposite the Niagara Region HQ and the Henley Rowing Centre (HRC), which is an off-water training and support facility located on Henley Island. A more detailed breakdown of expenses and revenues are referenced in APPENDIX 4.

**Table 1: 2021 Canada Games Host Society Inc Capital Budget**

<b>Canada Summer Games Legacy Capital Infrastructure Budget</b>		
<b>Revenue</b>		
Government of Canada	\$	32,000,000
Government of Ontario	\$	32,000,000
Niagara Region	\$	20,050,000
City of St. Catharines	\$	10,000,000
City of Thorold	\$	5,000,000
Other Niagara Municipalities	\$	2,192,150
Brock University	\$	4,020,513
Canada Basketball	\$	47,923
Sponsorship & Fundraising	\$	6,500,000
<b>TOTAL FUNDING COMMITTED</b>	<b>\$</b>	<b>111,810,586</b>
<b>Expenses</b>		
Canada Games Park & Henley RC - Class A Cost Estimate	\$	88,422,058
Canada Games Park - Competition Equipment	\$	1,713,000
Other Competition Facilities & Equipment	\$	2,444,596
Canada Games Park - FF&E	\$	2,329,148
Henley Rowing Centre - FF&E	\$	445,000
Other Municipal Legacy Projects	\$	2,107,000
Deloitte - HST Report	\$	15,000
Thorold Building Permit Fees & Servicing Charges	\$	2,463,330
Administrative Support & Other Fees	\$	5,056,005
CSG Legacy Capital Project(s) Contingency (6.5%)	\$	6,815,450
<b>TOTAL PROJECT COST</b>	<b>\$</b>	<b>111,810,587</b>
<b>NET PROJECT BUDGET</b>	<b>\$</b>	<b>(1)</b>

The proposed capital expenses and funding commitments reflect a balanced budget. This balance is reliant upon \$6.5 million in sponsorship and fundraising. Additionally, the operating budget is reliant upon \$8.5 million in sponsorship and fundraising. As outlined in APPENDIX 5 under the original Transfer Payment Agreement (TPA), the Niagara Region has made commitments regarding operating and/or capital deficits associated with the CSG and reflected those commitments in an agreement with the Canada Games Host Society Inc.. The TPA imposes certain duties upon the Canada Games Host Society Inc. including an obligation to use commercially reasonable efforts to avoid deficits and obtaining approval of legacy projects to which Niagara Region funds are to be applied.

It should be noted, that through various agreements all funding partners have committed to oversight resources specifically intended to mitigate construction and financial risk (project management and legal services). Also, given that capital fundraising may be received over time the Region would be expected to cash flow the contribution over that same period. If such budget pressures occur, the Niagara Region would include in future year budgets subject to Council approval.

The Niagara Region, in partnership with the Host Society, Brock, St. Catharines, and Thorold, have engaged external Legal Counsel to execute the Definitive Agreements and propose to engage a Project Management Firm to oversee the construction of the asset. The Region's share of these fees will be accommodated within the base operating budget.

In 2019, the Region committed an additional contribution of \$13.7 million funded through Federal Gas Tax in addition to the \$6.35 million that is requesting initiation with debt financing. The estimated cash flow for the Region's CSG project (20000751) is as follows (in millions):

Year	Operating	Capital	Total
2017	\$0.32	\$0.00	\$0.32
2018	\$0.68	\$0.00	\$0.68
2019	\$1.00	\$13.70	\$14.70
2020	\$1.00	\$6.35	\$7.35
2021	\$1.00	\$0.00	\$1.00
2022	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$4.00</b>	<b>\$20.05</b>	<b>\$24.05</b>

The Niagara Region will release funds according to the funding agreement per APPENDIX 5.

### Ownership of buildings (post construction)

Price Waterhouse Cooper was retained to develop a pro forma for the operations of the Canada Games Park once constructed (APPENDIX 6). The forecasted operations results in a net operating expenditure of \$0.75 million and are expected to increase at a rate higher than inflation due to utility costs. Based on the Niagara Region's \$20.05 million capital contribution, the Region and Consortium partners recommend an equal ownership (25%) in the CGP. The Region will not share in annual operating expenditures. The operating expenditure are to be covered equally amongst the partners, which utilize the space; Thorold, St. Catharines and Brock. .

In compliance with new asset management policies and sustainable capital replacement practices, a capital reserve is to be established and maintained in order prevent future borrowing and partner fiscal pressures. The estimated capital reserve is \$1.25 million beginning in 2022 and shared equally amongst the four facility owners. The previously approved CSG separate levy for the annual CSG operating contribution of \$1.0 million annually until 2021 can be used to offset the Region's share of the transfer to reserve of \$0.31 beginning in 2022.

## **Analysis**

### Niagara Region Corporate Impact

The bid to host the CSG highlighted the Region's ability to be a local catalyst and collaborator with local partners in both the public and private sector. It also demonstrates our ability to deliver on our community vision of *'being a unified community of communities with diverse opportunities and qualities – together we strive for a better tomorrow'*.

The delivery of a successful CSG is imperative to the reputation of the Niagara Region and our local & municipal partners; it will provide a two-week window for Niagara to showcase itself to the rest of Canada beyond its beautiful waterfall and bountiful wineries.

CAO 5-2019 (APPENDIX 2) describes additional Niagara Region considerations such as raising Niagara's profile and economic impact. This report further describes overall community impacts related to infrastructure, health benefits, culture and reconciliation, and both local and elite sport participation.

### Niagara Region's Contribution

Based on the requirements listed in the 2021 Bid Procedures and Hosting Standards document provided by the Canada Games Council, the Niagara Region was required to make various commitments related to its bid proposal for the 2021 Canada Games.

As Niagara was successful in its bid for the 2021 Canada Summer Games, the initiation of the Canada Summer Games project (20000751) will allow the Region to deliver on the original commitments as well as the two large Legacy capital investments. Highlights from some of our investments are:

- George Taylor Field
- Houck Park Baseball Complex
- Wainfleet and West Lincoln Softball Fields
- Sport and Abilities Centre - with a Canadian Sport Institute of Ontario (CSIO) Regional Centre, Wrestling and Combative Sports Centre,
- Outdoor Cycling and Environmental Sustainability Centre;
- Beach Volleyball Centre
- Para-sport Gymnasium, Twin-pad Arena for lacrosse and ice sports, and sport offices
- Henley Rowing Centre

In 2017, the Canada Games Council announced Niagara Region as the successful municipality to host the 2021 Canada Summer Games (CSG) with an estimated operating budget of \$34.9 million and capital budget of \$9.6 million (ED 2-2017 APPENDIX 1). Niagara Region approved a maximum contribution of \$10.35 million including \$3.0 million for capital, \$4.0 million for operating plus up to an additional \$3.35 million in funding for post-games legacy projects.

In May 2019 (CAO 5-2019 APPENDIX 2), Regional Council approved an additional capital budget commitment of \$13.7 million towards the legacy project as a backstop to the uncommitted provincial funding and subject to the commitment of additional funding from other stakeholders. This brought the Region's total capital contribution to \$20.05 million which included the previously approved but uninitiated \$3.35 million legacy project/deficit funding.

In September 2019, the Host Society issued a Request for Tender (RFT) for the Canada Games Park (CGP) and the Henley Rowing Centre (HRC) and it is currently pending final tender negotiations. The most recent Class A construction project estimate reflects a total CSG Legacy capital cost of \$111.8 million. The total revised operating and capital budget for 2021 CSG is \$146.7 million.

Based on the now confirmed funding commitments of the Federal and Provincial Governments, the Region's 2021 CSG operating and capital commitment is \$24.05 million. As per the original Transfer Payment Agreement (TPA), the Niagara Region is responsible for all operating and/or capital deficits associated with the 2021 CSG. If the Niagara Region is required to fund any future deficits, those funds would be included in future year budgets subject to Council approval.

### Canada Summer Games Park - Definitive Agreements

Numerous legal agreements (the "Definitive Agreements") between the parties are required to implement the development of Canada Games Park, to structure the various contributions, roles, responsibilities and risk of each of the parties during the construction of the facility, the duration of the Games event itself and the subsequent legacy period for the facility. The Region, St. Catharines, and Thorold (the "municipal parties") have jointly retained legal counsel (Borden Ladner Gervais LLP) to advise the municipal parties and to review and negotiate all agreements with the other parties. Brock University is separately represented but as a member of the future ownership group is working collaboratively with the municipal parties on the preparation of agreements.

The development of the following Definitive Agreements, many but not all of which the Region will be a party, are in progress and will be required (note the names of these agreements may change or be included as schedules within larger agreements but are included here for descriptive purposes). The Definitive Agreements will together set out the terms and conditions, upon which the financial and in-kind contributions of the parties will be made, and coordinated with the financial contributions of Ontario and Canada, and upon which Canada Games Park will be developed and the operations transitioned from the Host Society to the municipalities and Brock following the Games:

1. Canada Games Park Framework Agreement (an agreement to be entered into between the municipalities, Brock and the Host Society to establish a framework for the negotiation of the other Definitive Agreements).
2. Consortium Agreement and Facilities Programming Agreement (an agreement or agreements to be entered into by the municipalities and Brock to allocate responsibility for the use, operation, maintenance and repair/replacement, programming and usage fees of Canada Games Park following the Games). The Consortium Agreement will be based on the guiding principals established collaboratively by all parties and attached as APPENDIX 7.
3. Project Agreement (an agreement to be entered into between the municipalities, Brock and the Host Society which shall contain terms and conditions related to the construction, development and completion of Canada Games Park)



4. Offer to Lease / Lease and/or Amending and Assignment of Lease (agreements to be entered into between Brock (as landlord) and the other parties (as tenants) which shall cover two time periods, the first being the period during construction and operation of the Games and a second subsequent period following the Games.
5. Municipal Capital Facility Agreement (means an agreement designating Canada Games Park as municipal capital facility pursuant to the Municipal Act, 2001)
6. Transfer Payment Agreements and/or Joinder Agreements (agreements required by Ontario or Canada with the Region and other parties as a condition of Ontario and Canada funding contributions to the project)
7. Such other Agreements or instruments as the parties agree are necessary (at this time no other agreements have been identified, however as this is a complex project further agreements may be recommended by the legal teams representing the parties to ensure necessary roles, responsibilities or risk are adequately addressed).

At the time of writing the parties contemplate an Offer to Lease between the Canada Games Host Society Inc. as tenant and Brock University as Landlord which would permit commencement of work on the Canada Games Centre. This Offer to Lease would not involve Niagara Region or other municipalities as a party to the Offer to Lease and will continue at the discretion of Brock University, whether or not the other Definitive Agreements are finalized. As such, the potential exists for the Canada Games Host Society Inc. to continue with the construction (and related expenditures) in advance of the completion of Definitive Agreements. This is highlighted to reinforce the criticality of the forecasted dates of execution of the Definitive Agreements identified in APPENDIX 2.

#### Canada Summer Games Park Project Management Oversight

The Canada Summer Games Host Society will provide oversight and coordinate the construction of Canada Summer Games Park. It is the Consortium's expressed intent that all partners will provide input into the construction project to ensure all user and funding provider needs are satisfied. Currently all partners have agreed to engage professional project management services to address construction and oversight including but not limited to:

- Weekly constructions meetings
- Review contractors schedule, health and safety plan, quality plan, etc.
- Oversee change order management
- Lead construction meetings
- Develop building occupancy plan

- Undertake pre-occupancy review
- Prepare and issue monthly project status reports
- Liaise with all funding partners, steering committee and Infrastructure Ontario
- Compile operations and maintenance manuals
- Organize the delivery of building systems training
- Manage the completion of all project deficiencies by all vendors
- Finalize project status reports, including schedule, budget, risk management for all funding parties as required
- Compile asset management plan if required

In addition, Infrastructure Ontario will serve as a project advisor on behalf of the Province for the construction of the Canada Games Park. Certainty of implementation of this vision is dependent upon finalizing the Consortium Agreement and Project Agreement.

### **Alternatives Reviewed**

No alternatives were reviewed. This report is being brought forward to initiate the previously approved capital commitment for the 2021 Canada Summer Games.

### **Relationship to Council Strategic Priorities**

This project is projected to bring an economic benefit of approximately \$400 million and support 2,100 jobs through sports and recreation, which supports Council's strategic priority of Supporting Businesses and Economic Growth and Healthy and Vibrant Community.

### **Other Pertinent Reports**

ED 2-2017	Canada Summer Games Final Bid Submission	January 11, 2017
CAO 5 -2019	Canada Summer Games	May 16, 2019

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**Prepared by:**  
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Financial and Special Project Consultant  
Financial Management and Planning

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**Recommended by:**  
Todd Harrison CPA, CMA  
Commissioner / Treasurer

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**Submitted by:**

Ron Tripp P. Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with Margaret Murphy, Associate Director, and Ricci Cheung, Senior Budget Analyst and reviewed by Helen Chamberlain, Director, Financial Planning & Management/Deputy Treasurer.*

**Appendices**

Appendix 1	ED 2-2017 Canada Summer Games Final Bid Submission
Appendix 2	CAO 5 -2019 Canada Summer Games
Appendix 3	List of Definitive Agreements
Appendix 4	Canada Summer Games Legacy Budget Details
Appendix 5	Niagara Region Transfer Payment Agreement
Appendix 6	PWC Canada Games Park Operating Pro Forma
Appendix 7	Canada Games Park Operating Agreement Guiding Principles
Appendix 8	Draft By-Law to authorize Long-Term Financing and Treasure's Certificate

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**Subject: Canada Summer Games Final Bid Submission**

**Report to: Corporate Services Committee**

**Meeting date: January 11, 2017**

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## **Recommendations**

That Report ED 2-2017, dated January 11, 2017, respecting the Canada Summer Games Final Bid Submission, **BE RECEIVED**, and that one of the following two options with respect to the bid to host the 2021 Canada Summer Games **BE SELECTED** by Regional Council.

### **Option A**

1. That the Regional Municipality of Niagara's bid to host the 2021 Canada Summer Games **BE APPROVED**, in accordance with the 2021 Bid Procedures and Hosting Standards provided by the Canada Games Council and as described in this report;
2. That a \$3 million capital commitment to the Canada Summer Games **BE FUNDED** with debenture to be approved by budget amendment in 2017 should Niagara Region be successful in the bid, and;
3. That \$4 million operating commitment to the Canada Summer Games **BE FUNDED** at \$1 million annually over the four years, 2018 to 2021, plus the estimated debt servicing costs of \$334,000 through an increase in guidance of 0.4%, and;
4. That the Chair and Chief Administrative Officer **BE DIRECTED** to execute the Agreement to Undertake, MOU's with local municipalities providing facilities, and all other documents requiring a legal commitment on the part of Niagara Region, provided they are of the opinion that each document requested of Niagara Region is in accordance with the intent of the forgoing Council resolutions.

### **Option B**

That, in addition to recommendations one through four in Option A, to match the commitment made by both the Federal and Provincial governments (\$10.35 million each), and in order to provide funding for future legacy projects related to the Canada Summer Games;

5. That up to \$3.35 million of funding **BE APPROVED** for legacy projects post-Games, with the provision of matching funds from additional stakeholders, appropriate approval by the Niagara Region, and that any amount would first be applied to any deficit to cap an overall Niagara Region contribution to the Games at \$10.35 million

## Key Facts

- The Canada Summer Games (CSG) are the country's largest multi-sport event for young athletes, with amateur competitors from all across Canada from the 13 provinces and territories.
- Canada's next generation of national, international and Olympic athletes compete in the Summer and Winter Games. This has included such competitors as Sidney Crosby, Steve Nash, Catriona Le May Doan, Eugenie Bouchard, Andre De Grasse, Russell Martin, Hayley Wickenheiser and Adam Van Koeverden.
- The Niagara Sport Commission (NSC) has projected an economic impact, at a low end, of \$180 million, support for 1,100 jobs, and \$57 million in salaries and wages by hosting the Games.
- The CSG are held for two weeks within the host community, involving up to 4,600 athletes across 17 different sports, including officials, trainers, and support staff. They attract over 80 hours of national television coverage (TSN/RDS), and over 30,000 visitors.
- A presentation on Niagara's final submission as part of the 2021 CSG is scheduled for Regional Council on January 19, 2017. This will be the final presentation prior to the bid being submitted on the January 31, 2017 deadline.
- The official launch of the formal process to select the 2021 host community was made on February 10, 2016. On September 12, 2016, the Canada Games Council announced that Niagara had been short-listed along with three other bids (Kitchener/Waterloo/Guelph, Ottawa and Sudbury).

- The process of selection is now a formal and disciplined process with both the Federal and Provincial governments each providing \$10.35 million for capital and operating costs to the host society (on behalf of the host community) for these Games.
- The NSC, representing the bid group, is requesting a commitment of \$7 million, consisting of the required commitment of \$3 million for capital expenditures plus an additional commitment of \$4 million (in cash or value in-kind) for operating expenditures. In addition, the Region is required to be responsible for any financial deficit associated with the Games.
- The committee is also requesting Council consider an additional contribution of \$3.35 million to match the capital and operating commitments made by each of the Federal and Provincial Governments (\$10.35 million).
- Local area municipalities, and other public sector partners (post-secondary institutions) are providing projected funding for operating and capital budgets of approximately \$6 million, in a blend of in-kind and cash commitments.

## **Considerations**

### **Financial**

In a memo dated December 22, 2016 (Appendix 1) the NSC has requested the following options be considered in advance of the final bid submission date of January 31, 2017.

Option A is a commitment of \$7.35 million. This option consists of the required commitment of \$3 million for capital expenditures and an additional commitment of \$4 million (in cash or value in-kind) for operating expenditures.

Option B includes the commitments in Option A plus an additional contribution of \$3.35 million to occur over time after 2021. As indicated by the bid group, this additional contribution would match the capital and operating commitment made by each of the Federal and Provincial Governments (\$10.35 million). In order to spread this contribution over time, the Region could consider structuring this commitment towards the legacy resulting from the Games in 2022 (if there is a financial deficit, this amount will be first applied to that deficit).

The funding request is supported by the Niagara Sports Commission total budget for the 2021 Canada Summer Games of \$44.5 million provided in Appendix 3. The budget

reflects combined Niagara Region and local municipality commitments of \$9.2 million, \$7 million from the Niagara Region and \$2.2 from the local area municipalities. The options for financing the Niagara Region contribution are explained below (Table 1) and proposed to be approved in the 2018 operating budget. Earlier commitment of the capital request would require an amendment to the 2017 budget with the public notice requirements in accordance with the Niagara Region policy. Summary of tax levy impacts is provided in Appendix 2.

**Table 1**

<b>Budget Need</b>	<b>Funding Source</b>	<b>Amount</b>
<b>Option A</b>		
Capital budget of \$3 million	Debenture	<b>\$334,000 per year for 10 years starting in 2017</b>
		Recommended: Requires \$334,000 from 2017 budget, possible from budget flexibility fund of \$767,350.  The Niagara Region is not likely to retain ownership of the assets being constructed. Debenture financing is permitted as long as Council provides a grant in accordance with the applicable legislation (section 107 of the Municipal Act, 2001), on the basis that in the opinion of Council it is in the interest of the Region to make such grant, and provided that such capital works will have a useful life at least equal to the term of the debentures to be issued.  The annual cost of servicing \$3 million in debt is approx. \$334,000, assuming 10-year debt at a borrowing rate of 2.07%, that would be funded in the operating budget in addition to the \$4 million operating requirement. The debt would be that of the Region and factor into the Region's S & P ratings and Annual Repayment Limit (ARL). The impact amounts to a 0.06% increase resulting in an ARL of 7.0%.
	Reserve	<b>Capital Levy Reserve</b>
		Insufficient funds in this reserve; not recommended
		<b>Taxpayer Relief Reserve</b>
		Current balance of \$22.5 million which represents 4.5% of gross operating expense. However, target is 10-15% of gross operating expense, thus existing shortfall of \$27 to \$52 million.  Not recommended as it will put at risk the Region's ability to address in year service delivery issues or respond to other

		opportunities that may arise such as Gateway and Industrial DC grant.
		<b>Infrastructure Deficit Reduction Fund</b>
		This reserve was initiated in 2017 to address infrastructure funding gap of Regionally owned infrastructure therefore it is not recommended
	Levy	<b>2018 budget increase of \$3 million</b>
		Represents an approximate 0.9% levy increase (which could negate other options from assessment growth). However, funding for commitments will be required in 2017/2018 therefore not recommended
		<b>2018 to 2021 budgets of \$750,000 per year.</b>
		Represents an approximate 0.22% levy increase starting in 2018. However, funding for commitments will be required in 2017/2018 therefore not recommended
Operating budget of \$4 million	Levy	<b>2018 to 2021 budgets of \$1 million per year</b>
		Recommended: In addition to the debenture for capital projects with annual cost of \$334,000, represents an approximate 0.4% levy guidance increase to the operating budget.
		<b>Growth assessment</b>
		Funding from assessment growth and upload.  See Table 2 below for items forecast in the 2017 budget. \$1.3 remaining could accommodate \$1 million plus \$334,000 for debt servicing costs but restricts opportunities for investments in economic prosperity initiatives and ability to mitigate service delivery costs for departments and ABCs therefore is not recommended
		<b>Re-allocate funds from other programs that will conclude</b>
		Programs may require increased longevity.  See Table 3 in particular for 2018 with Asset Management Planning, Port Robinson Ferry, and Planning's expedited approval that may require continued funding. The SWIFT commitment of \$1 million will be complete after the final 2018 allocation of \$200,000 (down from the \$400,000 committed for 2016 and 2017).



		This option flows funding to the Games based on the availability of funding which is lower in the earlier years but will be fully funded by 2021. This option is not recommended but may offer some opportunity after the initiatives below are fully considered in future year budgets with the complete business cases.
<b>Option B (in addition to Option A)</b>		
Legacy funding budget of \$3.35 million	Debenture	<b>\$375,000 per year for 10 years starting in 2017</b>
		Represents a 0.1% levy increase, thus when combined with the capital debenture, equates to an overall 0.5% levy increase.

**Table 2**

<b>Forecast Opportunities</b>	2018	2019	2020	2021
Growth - 1%	3,350,240	3,450,748	3,554,270	3,660,898
Incremental Upload	2,962,970	-	-	-
<b>Total</b>	<b>6,313,210</b>	<b>3,450,748</b>	<b>3,554,270</b>	<b>3,660,898</b>
<b>Forecast Requirements</b>				
Airports	2,200,000	-	-	-
TPR Reserve transfer reduction	390,000	310,000	-	-
Inter-Municipal Transit	511,733	293,900	-	-
Ash Tree Removal	450,000	400,000	-	-
Tax Increment Grants	1,440,335	124,624	-	-
<b>Total incremental requirements</b>	<b>4,992,068</b>	<b>1,128,524</b>	<b>-</b>	<b>-</b>
Amount remaining	1,321,142	2,322,224	3,554,270	3,660,898

**Table 3**

<b>Previous Program Changes expiring</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Asset Management	128,828	128,828	128,828	128,828
Port Robinson Ferry	66,500	66,500	66,500	66,500
Expedited approval (Planning)	120,501	120,501	120,501	120,501
Growth Strategy Projects	-	100,000	100,000	100,000
Broadband Initiative (SWIFT)	200,000	400,000	400,000	400,000
District Plans	-	-	-	195,176
Team Niagara	-	500,000	500,000	500,000
Niagara Investment in Culture	-	300,000	300,000	300,000
<b>Total</b>	<b>515,829</b>	<b>1,615,829</b>	<b>1,615,829</b>	<b>1,811,005</b>
Repurposing to Debt Requirements	(334,000)	(334,000)	(334,000)	(334,000)
Allocation to Games for the year	181,829	1,281,829	1,281,829	1,477,005
Cumulative Repurposing to Operator	181,829	1,463,658	2,745,487	4,222,492

## Corporate

If the Canada Summer Games Bid is successful there will be impacts on Corporate Services, the CAO's office and finance, human resources, legal and economic development support services. Further information on potential Niagara Region support is captured in the Analysis section under item "3. Bid Transition".

A successful bid would also provide an opportunity to showcase Niagara to the nation which aligns with a variety of Council's Strategic Priorities, including Moving People and Goods.

## Governmental Partners

Local area municipalities (LAMs) are partnering and supporting the bid from a funding perspective as well, with the municipalities of St. Catharines, Welland, Wainfleet, Niagara Falls, Lincoln, Port Colborne entering into Memorandums of Understanding (MOUs) with the Canada Summer Games Council, identifying municipal capital improvements and hosting requirements. Additional meetings to garner like support are taking place in advance of January 31, 2017 with the municipalities of Pelham, West Lincoln and Grimsby. The support from an operating and capital perspective from LAMs is approximately \$2 million.

As noted, both the Federal and Provincial governments will each provide \$10.35 million to support capital and operating costs of the 2021 Canada Summer Games to the selected host community. Additional financial support may be obtained through other

programming depending upon the source and type of request. Both Federal and Provincial governments will provide information support to highlight the 2021 Canada Summer Games and the host community.

## **Public and/or Service Users**

Through the bid proposal development, the bid committee has been seeking other public and private sources of funding to support the bid and potential new capital investments. In addition to the Niagara Region and LAMs, Brock University, Niagara College, Buffalo Canoe Club, Scotiabank Convention Centre and Canadian Henley Rowing Corporation are finalizing letters of commitment. Support from these partners from an operating and capital perspective would be in the range of \$4 million.

The bid committee will also be seeking additional regional partners for the bid process and if selected, the host society to operate the 2021 Canada Summer Games. The bid committee will also be seeking volunteers for the various activities to support the Games, athletes, officials and visitors- estimated at 6,000.

## **Analysis**

Based on the requirements listed in the 2021 Bid Procedures and Hosting Standards document provided by the Canada Games Council, the Niagara Region is required to make the following commitments related to its bid proposal for the 2021 Canada Games.

### **1. *Agreements***

- i. The Region will sign an Agreement to Undertake upon award of the Games which will reflect the above commitments as well as other key commitments, terms and conditions through the bid phase;
- ii. The Region will ensure that the host society, upon incorporation, will enter into a Joinder Agreement with the Canada Games Council which binds the host society to the Agreement to Undertake, and to the signing of the Trademarks Agreement and Hosting Agreement with the CGC; and
- iii. The Region will, in cooperation with its bid committee, for both municipally-owned/operated and private facilities, submit agreements at the bid level that comply with hosting standard #40-M-01.

### **2. *Financial***

- i. To be responsible for any financial deficit associated with the Games (capital and operating);

- ii. To contribute at least \$3 million to the host society (in cash) for capital expenditures;
- iii. To contribute \$4 million to the host society (in cash or value in-kind) for operating expenditures;
- iv. To commit \$3.35 million towards the legacy resulting from the Games (if there is a financial deficit, this amount will be first applied to that deficit) ; **-It should be noted that this would only apply if Council were to support Option B.**
- v. To provide confirmation of additional financial commitments (by way of MOU's and letters from other community partners) totalling an amount identified within the submitted operating budget (in cash or in-kind); and
- vi. To pay the first 25% of the Rights Fee and Transfer of Knowledge Fee (\$220,000) upon award of the Games (to be reimbursed from the host society once it is formed and has operating cash).

### 3. *Bid Transition*

- i. To provide appropriate capacity (both human and financial resources) to ensure an efficient transition from bidding community to the host society and to cooperate with the bid committee and Canada Games Council on the steps necessary to achieve this critical step upon the award of the Games and up until further public resources can be accessed.

The proposed operating support to the host society could be primarily in the form of financial guidance, direction and support with respect to the \$45 million combined operating and capital budget. Additional human resources support for the recruitment and hiring of host society staff, information technology equipment and support, office space and storage accommodations could be provided as well. If awarded the Games, the specific services and required host society funding to support resources would be negotiated in an MOU between the Niagara Region and the host society. A close working relationship in a number of these areas would be critical both to the success of the Games, and to operational oversight of a significant Regional investment.

### 4. *Airport*

A letter of confirmation from the airport authorities at Hamilton airport confirming that its airport and airport services will meet *Hosting Standard #60-M-06* will be forthcoming.

### 5. *Bid Sponsors*

- i. Bid communities have the authority and power to grant local community sponsors certain rights and opportunities, pertaining to the community bid only; and
- ii. Bid sponsors may be granted by the bidding community the rights, privileges, options and opportunities as a bid community sponsor to be exercised only

within the bid community during the term of the Bid Community Sponsorship Grant of Rights and Exclusions Agreement.

**6. *Sponsorship Team Approach and Principles***

- i. Bid communities and eventual host society must acknowledge the need to work within a team approach and abide by the guiding sponsorship principles referenced in Appendix E of the 2021 Bid Procedures and Hosting Standards document; and
- ii. The sponsorship team principles and team approach create additional sponsorship solicitation capacity to raise the appropriate outstanding revenue required and to minimize the risk associated with the municipality underwriting the deficit.

**7. *Legacy***

- i. The Region will ensure that the words “Canada Games” and “Jeux du Canada” and the Canada Games logo in accordance with the Council’s Graphics Standards Manual, are incorporated in the name of at least one major facility that is built or renovated for the Games, and the naming rights remain in perpetuity;
- ii. That facility will be branded with the Canada Games logo;
- iii. The Canada Games emblem will be used on external signage at that facility with the title then printed in English (Canada Games Centre) over French (Centre des Jeux du Canada) or vice versa; and
- iv. The Region will work with the host society and CGC to finalize details, and will submit the proposed new name and logo in writing for approval by CGC, taking into consideration key principles and elements identified in the CGCs Core Legacy Plan (Ref Hosting Standard #14-M-02).
- v. The Region confirms its understanding that the host society will develop a legacy plan, following the CGC’s Legacy Core Plan, to guide the documentation of all legacies resulting from the 2021 Canada Summer Games, including the potential distribution of financial legacies, planned and/or surplus. (Reference Hosting Standard #14-M-01)

**Economic Benefits**

After each Canada Games, the host society must conduct an economic impact study using the Canadian Sport Tourism Alliance (CSTA) STEAM model. The study for the last Canada Summer Games (2013 in Sherbrooke) determined that it had an economic impact of \$165 million, and supported more than 1,111 jobs and \$54 million in wages and salaries.

While Canada Winter Games are somewhat smaller than Summer Games, studies for the last two Canada Winter Games (2011 in Halifax, and 2015 in Prince George)

determined that they had economic impacts of \$123 to \$130 million, and supported 693 to 1,100 jobs and \$40 to \$43 million in wages and salaries.

According to the CSTA, the return on investment of a Canada Games is comparable to a Grey Cup or World Junior Hockey Championship. Further, it is important to note that none of the last 12 Canada Games have operated at a deficit.

The Niagara Sport Commission used the CSTA STEAM model to project the economic impact of hosting the 2021 Canada Summer Games in Niagara. It projects an economic impact of \$180 to \$240 million, and support for approximately 1,150 to 1,500 jobs, and \$57 to \$76 million in wages and salaries.

*This projected range of economic impacts varies according to the inputs used for the model regarding the extent of capital infrastructure that is built as part of the Games (between \$15 and \$40 million).*

#### Indirect Benefits (Future Sporting Events)

The new and upgraded sport facilities and equipment resulting from hosting the 2021 Canada Summer Games would provide important facilities for future hosting opportunities for regional, provincial, national, and international events with economic benefits for Niagara in sports such as track and field, wrestling, volleyball and cycling.

#### Health Benefits

The 2021 Canada Summer Games would generate a wide range of health benefits for the people of Niagara. The bid group is working with Niagara Public Health, Brock University and community partners to develop programs and events to plan and measure a sustainable health legacy for Niagara from the Games, including the provision of new and upgraded sports facilities for both able-bodied athletes and those with disabilities and requiring special needs.

#### Developing Niagara's next generation of Olympians

The new and upgraded sport facilities and equipment resulting from hosting the 2021 Canada Summer Games in Niagara would help develop Niagara's next generation of Olympic and Paralympic athletes. Facilities such as a new training centre at the Henley rowing course and a Regional Centre for the Canadian Sport Institute of Ontario (CSIO) would provide Niagara's aspiring Olympic and Paralympic athletes with a much greater opportunity to achieve their dreams. The CSIO is part of a national network of centres created to provide world-class coaching and training for Canada's current and future Olympic and Paralympic athletes. The CSIO is interested in establishing a Regional Centre in Niagara as part of the 2021 Canada Summer Games. That Regional Centre would provide critical assistance to all aspiring Olympic and Paralympic athletes in Niagara, with a particular focus on sports that are strategic to our Region such as wrestling, rowing, cycling, canoe/kayak and certain para sports.

## **Raising Niagara's Profile**

The Canada Games are a national event, celebrated locally. They provide Niagara with an opportunity to showcase itself to a national audience – through a national marketing campaign in advance of the Games and considerable media attention during the Games. For example, 400 media members will attend the Games which will have over 80 hours of national TV coverage (on TSN and RDS), over 350,000 webcast views and an external reach of 5 million people.

It is anticipated that a Canada Summer Games in Niagara would have approximately 30,000 visitors. A large number of the Canada Games attendees are VIP's that attend the opening and/or closing ceremonies, a Ministers' conference, VIP receptions and sport competitions. These VIP's include the Prime Minister, Governor General and other dignitaries.

A Canada Summer Games in Niagara would also be an incredible opportunity for the many partners who would be involved in the Games to showcase themselves. This includes many local businesses who would sponsor or otherwise contribute to the Games, as well as other partners such as Brock University and Niagara College. As the location of the athlete village, Brock University would have the opportunity to showcase itself to over 4,600 young athletes from across Canada. Further, Niagara College would be providing a number of innovative training and experiential education programs to its students as part of the planning and delivery of the Games.

## **Raising Niagara's Spirit**

Nothing brings a community together or raises its spirit more than a celebration. The 2021 Canada Summer Games will be a celebration of youth, sport and culture. Programs and events in all 12 municipalities would engage the entire Region. These programs and events would include a torch relay and mascot program that would occur throughout the Region in order to engage the entire Niagara community and recruit the 4,000 or more volunteers who would help deliver the Games. There would also be programs to celebrate our diversity and multiculturalism and include host indigenous peoples.

## **Alternatives Reviewed**

Staff have explored the following alternatives during the preparation of this report:

- Do not proceed with the final bid process- this option does not require any financing or concerns over future liabilities or supervision of process. It also

means that the Niagara Region is not participating in any effort to host the 2021 Canada Summer Games.

- Proceed as outlined to formally submit the final bid proposal for Niagara Region, with the additional \$3.35 million in financial contribution for legacy capital only if the provincial and federal governments contribute to the legacy project. Funded in the same way as the \$3 million capital request would result in additional \$375,000 in annual debt servicing costs, or an additional 0.1% increase in the levy for a total of 0.5% levy impact.

### **Origin of Report**

Report ED 1-2016 outlined the opportunity associated with the 2021 Canada Summer Games proposal for Niagara Region and partners to bid to host the games. The recommendations were approved on February 25 and March 24 per reports ED 1-2016 and CSD-24-2016.

On May 19 Council approved per report CSC-C12-2016 that the Niagara Region formally submit a letter and payment of \$20,000 as an intention to bid on the 2021 Canada Summer Games. On October 27 Council approved per report CSC-C21-2016 that Regional Council provide the Niagara Sport Commission \$100,000 for the purposes of preparing a final bid for the 2021 Canada Summer Games.

This report is intended to provide Council with the details of the final submission prior to the January 31, 2017 submission deadline.

### **Other Pertinent Reports**

None

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#### **Submitted by:**

David Oakes, Director  
Economic Development

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#### **Approved by:**

Carmelo D'Angelo, BSc, MPA  
Chief Administrative Officer

*This report was prepared by David Oakes, Director, Economic Development and Dan Pilon, Associate Director, Organizational Performance, and reviewed by Jason Burgess, Acting Commissioner, Corporate Services, and Helen Chamberlain, Director of Financial Management and Planning/Deputy Treasurer*



## **Appendices**

Appendix 1	Memo from Niagara Sport Commission
Appendix 2	Tax Levy Impact of Financial Requirements
Appendix 3	Niagara Sport Commission - 2021 Canada Summer Games Budget

**MEMORANDUM**

**TO:** David Oakes, Director – Economic Development

**CC:** Dan Pilon, Associate Director – Performance and Business Consulting

**FROM:** 2021 Canada Games – Niagara Bid Group

**DATE:** December 22<sup>nd</sup>, 2016

**SUBJECT:** 2021 Canada Games Regional Resolution

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There is tremendous support in Niagara for the Region's Bid to host the 2021 Canada Summer Games. With events for every community, all of Niagara will be engaged. The Bid Group includes many passionate community leaders who have been working to develop an exciting plan for the Games – a plan that will be transformative for Niagara. There has been tremendous support for this plan from Niagara's local municipalities and other community partners.

There will be many benefits for Niagara in hosting these Games. Those benefits are summarized in an attached document, and include a projected economic benefit of approximately \$200 million.

Importantly, hosting the 2021 Canada Summer Games provides an opportunity to leverage investment in Niagara from the Provincial and Federal Governments. The Provincial and Federal Governments have each committed \$10.35 million for the Games - \$7.35 million for operating expenditures and \$3 million for capital expenditures.

We have discussed different options for the Region's financial commitment for the Games. One option currently being considered by the Region is a commitment of \$7.35 million. This option (Option #1) consists of the required commitment of \$3 million (in cash) for capital expenditures and an additional commitment of \$4 million (in cash or VIK) for operating expenditures.

As discussed below, the Bid Group also recommends that the Region consider another option. That option (Option #2) is to match the commitment made by each of the Federal and Provincial Governments – i.e., a commitment of \$10.35 million. This option would include the required commitment of \$3 million (in cash) for capital expenditures and an additional commitment of \$7.35 million (in cash or VIK) for operating expenditures and legacy expenditures made after the Games.

Option #2 would be consistent with a common government funding model (one-third: one-third: one third) and would send an important message concerning the Region's desire to host the Games.

As you are aware, the Canada Games Council requires that a Bid Community agree to be responsible for any financial deficit associated with the Games (Capital and Operating). In order to project whether such a deficit might occur, the Bid Group has been working diligently to prepare a projected Operating and Capital Budget for the Games. The most current version is attached. An independent assessment of the projected Budget was undertaken by Barb Anderson, the CFO of the TO2015 Pan/Parapan Am Games. Ms. Anderson's assessment is also attached. Ms. Anderson was "impressed with the level of analysis that has gone into the preparation of the Budget", and considers the Bid Group's plan to be "feasible" and "a financially sound financial plan to ensure the successful delivery of the 2021 Canada Games".

As indicated in the attached Budget, the Bid Group is currently projecting an operating deficit of approximately \$4 million. An additional financial commitment of \$4 million for operating expenditures (i.e. Option #1) will alleviate the potential for there to be any financial operating deficit. It is important to note that some of this commitment could be generated by VIK, thereby reducing the need for all of the contribution to be made in cash.

An additional financial commitment of \$7.35 million for operating and legacy expenditures (i.e. Option #2) would further alleviate the potential for there to be any financial operating deficit. In order to spread this contribution over time, the Region could consider structuring this commitment as follows:

- To contribute \$4 million to the Host Society (in cash or VIK) for operating expenditures; and
- To commit \$3.35 million towards the legacy resulting from the Games (if there is a financial deficit, this amount will be first applied to that deficit).

The first contribution (i.e., \$4 million) would occur between 2018 and 2021.

The second contribution (i.e. \$3.35 million) would occur over time after 2021. Adding a condition that this amount be first applied to any deficit will alleviate any concern that the Region's total additional contribution may exceed \$7.35 million.

We have attached a draft of the Resolution required by the Canada Games Council as part of the Region's Bid Proposal due at the end of January. Most of the commitments in the

attached draft Resolution are required by the Canada Games Council. The additional financial commitment discussed above is highlighted. For the purposes of this draft, we have included an additional financial commitment of \$7.35 million structured as above (see the highlighted portions).

We would be pleased to discuss this further at your convenience.

## Tax Levy Impact of Financial Requirements

	2018	2019	2020	2021
Estimated tax levy	\$ 339,660,000	\$ 346,453,200	\$ 353,382,264	\$ 360,449,909
<hr/>				
Option A				
For Operations	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
For Capital	\$ 334,000	\$ 334,000	\$ 334,000	\$ 334,000
Total	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000
<hr/>				
% impact on Levy	0.4%	0.4%	0.4%	0.4%
<hr/>				
Option B				
For Operations	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
For Capital	\$ 334,000	\$ 334,000	\$ 334,000	\$ 334,000
Total	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000	\$ 1,334,000
Total Growth and upload	\$ (6,313,210)	\$ (3,450,748)	\$ (3,554,270)	\$ (3,660,898)
Forecast allocations of Growth and upload	\$ 4,992,068	\$ 1,128,524		
Available for Dept, ABC growth and programs	\$ -	\$ 988,592	\$ 2,220,639	\$ 2,327,267
Net impact	\$ 12,858	\$ 368	\$ 369	\$ 369
<hr/>				
% impact on Levy	0.0%	0.0%	0.0%	0.0%
<hr/>				
Option C				
For Operations	\$ 181,829	\$ 1,281,829	\$ 1,281,829	\$ 1,254,513
For Capital	\$ 334,000	\$ 334,000	\$ 334,000	\$ 334,000
Total	\$ 515,829	\$ 1,615,829	\$ 1,615,829	\$ 1,588,513
offset with time limited program changes	\$ (515,829)	\$ (1,615,829)	\$ (1,615,829)	\$ (1,588,513)
Net impact	\$ -	\$ -	\$ -	\$ -
<hr/>				
% impact on Levy	0.0%	0.0%	0.0%	0.0%
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Niagara Sport Commission - 2021 Canada Summer Games Budget

REVENUES	Event Budget Summary		Total
	Operating	Capital	
Functional Area			
Government of Canada	\$7,350,000	\$3,000,000	\$10,350,000
Provincial Government	\$7,350,000	\$3,000,000	\$10,350,000
Municipal Government (Operating - VIK / Capital - CASH)	\$5,597,978	\$3,617,400	\$9,215,378
Other Public Institutions & Sport Organizations (VIK)	\$4,047,513	\$0	\$4,047,513
Net Sponsorship (VIK & CASH)	\$8,520,920	0	\$8,520,920
Broadcast Revenue	\$25,000	0	\$25,000
Ticketing	\$1,075,000	0	\$1,075,000
Merchandise & Licensing	\$150,000	0	\$150,000
Other Revenue	\$785,000	0	\$785,000
TOTAL REVENUES	<u>\$34,901,411</u>	<u>\$9,617,400</u>	<u>\$44,518,811</u>
EXPENDITURES			
CEO	\$1,121,900	0	\$1,121,900
Board of Directors	\$75,000	0	\$75,000
Legacy	\$11,000	0	\$11,000
Protocol, Hosting and Hospitality	\$435,000	0	\$435,000
Planning and Transfer of Knowledge	\$113,000	0	\$113,000
Legal	\$100,000	0	\$100,000
Financial Services	\$131,000	0	\$131,000
Risk Management	\$150,000	0	\$150,000
Office Administration and Services	\$533,500	0	\$533,500
Staffing	\$9,083,714	0	\$9,083,714
Volunteers	\$852,800	0	\$852,800
Registration and Accreditation	\$38,500	0	\$38,500
Sports Operations	\$2,676,003	0	\$2,676,003
Sport Venue Operations	\$1,061,525	0	\$1,061,525
Capital Construction	0	\$9,409,500	\$9,409,500
Venue Overlay	\$1,414,000	0	\$1,414,000
Signage, Pageantry and Fabrication	\$510,000	0	\$510,000
Village Accommodations	\$5,474,600	0	\$5,474,600
Mission Services	\$134,670	0	\$134,670
Food Services	\$0	0	\$0
Accommodations (Non-Competitors)	\$0	0	\$0
Security	\$290,000	0	\$290,000
Medical	\$260,850	0	\$260,850
Transportation	\$890,900	0	\$890,900
Materials Management	\$316,000	0	\$316,000
Technology	\$1,124,425	0	\$1,124,425
Broadcasting	\$1,637,000	0	\$1,637,000
Community Relations	\$251,600	0	\$251,600
Media Relations	\$36,300	0	\$36,300
Official Languages	\$50,000	0	\$50,000
Marketing	\$1,125,300	0	\$1,125,300
Publications	\$37,500	0	\$37,500
Corporate and Community Fundraising	\$756,750	0	\$756,750
Merchandising	\$83,000	0	\$83,000
Ticketing	\$127,500	0	\$127,500
Opening and Closing Ceremonies	\$1,517,464	0	\$1,517,464
Artistic Festivals	\$333,732	0	\$333,732
Essential Services	\$120,000	0	\$120,000
GST Costs	\$1,011,625	0	\$1,011,625
Contingency	\$1,012,969	\$207,900	\$1,220,869
TOTAL EXPENSES	<u>\$34,899,127</u>	<u>\$9,617,400</u>	<u>\$44,516,527</u>
SURPLUS/(DEFICIT)	<u>\$2,284</u>	<u>\$0</u>	<u>\$2,284</u>

BARBARA G. ANDERSON MBA, CPA CA  
905-330-1523, BARBARA.ANDERSON71@GMAIL.COM



Mr. Bram Cotton  
2021 Canada Summer Games Niagara Bid Group

Dear Mr. Cotton

I have had the pleasure of reviewing the detailed Business Plan for the proposal for the 2021 Canada Games. I was the CFO for the TO2015 Pan/Parapan American Games where we delivered both the Capital and Operating plan under budget to deliver a surplus. In addition, I have over 30 years of senior financial management in the private and public sector.

From my experience, most recently with the Pan/Parapan American Games, the level of detail required to submit the bid is extensive at this stage of planning and was impressed with the level of analysis that has gone into the preparation of the budget for submission.

I have had a thorough review of the plan with the management of the Bid Committee, discussed my observations with them and believe that they have a feasible plan to submit for the bid.

I believe that the Bid Committee has an innovative proposal and a financially sound financial plan to ensure the successful delivery of the 2021 Canada Games.

Sincerely

Ms. Barbara Anderson, MBA, CPA CA

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**Subject:** Canada Summer Games

**Report to:** Regional Council

**Report date:** Thursday, May 16, 2019

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## Recommendations

1. That Report CAO 5-2019, dated May 10, 2019, respecting the Canada Summer Games **BE RECEIVED**, and Regional Council **APPROVE** an additional capital budget commitment of \$13.7 Million (to be allocated from Federal gas tax funding) subject to the commitment of additional funding by the Federal Government, local municipal partners and Brock University.
2. That Regional Council **PASS A RESOLUTION** asking the Ontario provincial government to commit additional capital funding consistent with the bid submission to the proposed 2021 Canada Summer Games legacy projects.

## Key Facts

- Niagara Region was selected as the site of the Canada Summer Games (CSG) in 2021 which will bring more than 5000 elite level Canadian junior athletes from across all 13 provinces and territories to compete against one another in Niagara. The Canada Games are the country's largest multi-sport event for young athletes and are recognized as a critical competitive step for elite level Canadian athletes as they develop to compete at senior national and international events. It is also the only national or international event where both Para-athletes and Special Olympic athletes participate in the event inclusively.
- The CSG will be held over a two-week period in August 2021, involving competition in 18 sporting events. These sports attract over 80 hours of national television coverage (TSN/RDS). Prior CSG events have attracted an additional 30,000+ visitors to the host communities.
- The community has already pulled together to create a successful bid. Throughout, all 12 municipalities have fully endorsed Niagara hosting the CSG recognizing that by hosting the games each municipality will benefit. The Niagara Region has acted as the catalyst on this project throughout recognizing that hosting the CSG will directly impact all municipalities positively.
- In addition, multiple major stakeholders were involved from across different public and private sectors. By supporting this increased funding proposal, this would add to our local infrastructure assets while continuing to demonstrate the cooperation between local and regional municipalities and our local educational institutions.
- As the host community, Niagara Region committed \$7 million, consisting of a required commitment of \$3 million for capital expenditures plus an additional \$4



million commitment (in cash or value in kind) for operating expenditures. The Federal and Provincial governments have each committed to provide \$10.35 million for capital and operating costs to the host society in return for hosting the 2021 CSG. The Federal government will contribute an additional \$1.2 Million to the operations of the games for the addition of lacrosse events.

- Niagara Region also approved up to \$3.35 million in additional funding for post-games legacy projects, however these funds would be first applied to any deficit given that the Niagara Region is responsible for any financial deficit associated with the 2021 CSG.
- The total legacy capital budget is now estimated to be \$98.8 million. This will deliver a number of legacy infrastructure investments across Niagara. Two key elements included within the infrastructure plan are, the Canada Games Park, which is a multi-sport and recreation complex located on the Brock University campus opposite the Niagara Region HQ and proposed enhancements to the Henley rowing facility.
- The capital funding formula requires all funding partners to increase their contributions. The Federal government has provided positive indications that subject to commitments of increased funding at the local level a request for increased capital funding up to \$49.4 Million will be considered. There has been no indication from the Provincial government any increased funding will be available.
- Legacy capital projects considered in the original bid in Local Area Municipality's have committed funding. The City of Thorold and the City of St. Catharines are in the process of securing additional funding in the amount of \$15 million.
- The Region is being asked to fund an additional \$13.7 Million contingent on our municipal partners securing the remaining \$15 Million. The urgency of this request is due to the immediacy of the construction of the facilities as well as delays in the commencement of the Infrastructure Community Investment Program (ICIP) which was targeted to be a funding source for this project.

## **Financial Considerations**

The Canada Summer Games Board are finalizing its business plan to the Federal government for consideration. The funding request has been modified from the initial submission with the finalization of the legacy capital projects.

To ensure that the capital projects are funded, the CSG committee has revised the funding model from the initial bid submission. The proposed funding model requires additional contributions from the Federal government, Brock University, the City of St. Catharines and the City of Thorold, as well as funding from the CSG committee. To-date, the Province's contribution has remained the same as the initial bid submission. Likewise funding contributions from other participating local municipalities has remained the same.

In the proposed funding model, the committee has requested that Niagara Region increase the funding component from the initial capital approval of \$6.35 million. The

additional funding requested under this proposed plan is \$13.7 million (approx.). The contributions from all parties is as follows:

Table 1: Proposed Canada Summer Games Capital Project Funding

	Canada Games Park , Henley & Other CSG Projects
<b>Total Project Cost</b>	<b>\$98,822,571</b>
Federal* Contribution	\$49,411,286
Provincial Contribution	\$3,000,000
Brock** <i>contribution</i> (net of Land \$6,500,000)	\$4,000,000
<i>CSG Sponsorship</i>	\$6,500,000
LAM - other facility improvement Contributions	\$874,500
Thorold Contribution*: excluding Land Servicing Costs	\$5,000,000
St Catharines Contribution*	\$10,000,000
Niagara Region Upfront Contribution	\$3,000,000
Niagara Region Pre-Approved Legacy Contribution	\$3,350,000
Niagara Region Deficit Funding Request	\$13,686,786

\* *pending approval and confirmation of funding*

\*\* Brock University is committing \$500,000 with a further \$3,500,000 in kind

The Region's approved 2019 budget does not incorporate this request. The recently approved Federal Budget has provided funding to Ontario Municipalities through the Federal Gas Tax. The Region will receive a one-time additional payment of FGT funding which, based on 2018's actual, will be approximately \$13,738,782.

This is a significant increase compared to previous year's announcements. The federal government has encouraged that this one time amount be used on shovel ready projects that are eligible under the gas tax program. In addition, this funding has been identified to be used for projects that may be delayed under the ICIP. The CSG legacy capital projects meet these requirements. While the Region has a significant number of capital projects that meet the eligibility of the gas tax program, there are no projects that are shovel ready under the ICIP program. The CSG legacy capital projects would meet this requirement.

The construction deadline to meet the needs of the 2021 Canada Summer Games requires funding commitments to be in place immediately.

### Ownership of buildings

A consortium of the local partners is being developed to own, operate and maintain the Canada Games Park. The Region presently is investigating whether the use of Federal Gas tax funding will require a stake in the consortium.

Further, the governance review may impact the consortium partners involved in the consortium.

## **Analysis**

### **Corporate Impact**

The bid to host the CSG highlighted the Region's ability to be a local catalyst and collaborator with local partners in both the public and private sector. It also demonstrates our ability to deliver on our community vision of *'being a unified community of communities with diverse opportunities and qualities – together we strive for a better tomorrow'*.

The delivery of a successful CSG is imperative to the reputation of the Niagara Region and our local & municipal partners; it will provide a two-week window for Niagara to showcase itself to the rest of Canada beyond its beautiful waterfall and bountiful wineries.

### **Raising Niagara's Profile**

The Canada Games are a national event, celebrated locally. They provide Niagara with an opportunity to showcase itself to a national audience through national marketing campaigns in advance of the Games and considerable media attention during the Games. Typically, 400 media members will attend the Games which will have over 80 hours of national TV coverage (on TSN and RDS), over 350,000 webcast views and an external reach of over 5 million people.

It is anticipated that the 2021 Canada Summer Games will increase visitation to Niagara by approximately 30,000. A large number of attendees are VIPs and dignitaries that attend the opening and/or closing ceremonies, a Ministers conference, VIP receptions and sporting competitions. The VIP's include the Prime Minister, Governor General and other dignitaries.

The Canada Summer Games is a showcase opportunity for Niagara as a community, including its residents, local businesses and local government and educational institutions. These showcase opportunities would be further enhanced via new community facilities.

Brock University is intended to be the athlete's village which would be in close proximity to the proposed Canada Games Park. This would create a hub of activity around the

Niagara Region Headquarters and would be an opportunity to highlight progress on the Brock District Plan with the new International Plaza and Civic Park being focal points. With events planned in every municipality, it also creates an opportunity to showcase locations across the Region to a national TV audience.

## **Community Impact**

### Infrastructure Benefits

Through hosting the Canada Summer Games, this has afforded the Niagara Region to opportunity to invest in our community through planned improvements to local infrastructure across Niagara. The approval of increased Regional funding along with additional Federal funding would support two marquee legacy facilities.

The Canada Game Park, which will include:

- Sport and Abilities Centre – with Canadian Sport Institute of Ontario Regional Centre, Centre for Health and Well-Being, Para-Sport Gymnasium, Twin-Pad Ice-Box for box lacrosse and ice sports, and sport offices;
- Outdoor Cycling and Environmental Sustainability Centre;
- Athletics Facility;
- Beach Volleyball Centre; and
- Rowing Centre as a key satellite facility.



## Henley Rowing facility



Post-Canada Summer Games operating and tri-party management planning for the legacy facilities is in development to ensure these facilities remain available to the community after the games has ended.

A recognized benefit of hosting the Canada Summer Games is the legacy infrastructure that remains post-games. At the 2019 Canada Winter Games, Red Deer invested a total of \$250 Million in legacy infrastructure projects.

## Health Benefits

There has been significant research which demonstrates increasing access to sports and recreation increases physical activity within communities. In the 2015 report Framework for Recreation in Canada, researchers highlight five goals which support community health. Two of which are: *Ensure the provision of supportive physical and social environments that encourage participation in recreation and help build strong, caring communities*, and, *ensure the continued growth and sustainability of the recreation field*.

The legacy projects outlined support both of these goals through increasing our community recreation assets while also creating hubs for sports and recreation participation. National and International research has long demonstrated the link between increased availability of sports and recreation facilities and increased physical activity. Research suggests this benefit is emphasized where there is a multitude of travel options available to these facilities.

In Niagara 59.5% of individuals reported to be either overweight or obese (CCHS, 2015-15). Aligned with this, 21.9% of individuals were found to be below physical activity recommendations as per Canada's Physical Activity Guide (CCHS, 2015-16). 20.8% of individuals report no physical activity at all and this group is predominantly made up of seniors (+65).

By further investing in the Canada Summer Games infrastructure, this will increase access to sports and recreation facilities for all of Niagara's residents while also allowing for targeted access/participation by the key demographics in partnership with municipalities and local health care providers.

### Culture and Reconciliation

The Canada Summer Games is built on the concept of unifying Canada in a local setting, and celebrating that local setting. It will be a celebration of youth, sport and culture with planned programs and cultural events within each of the 12 municipalities. The game will support community engagement and increased volunteerism with more than 4,000 volunteers needed to support games delivery.

There is a strong theme of embracing Canadian heritage planned in the run up to the games and during the event. This is an opportunity to highlight our community as inclusive and diverse, celebrate our local francophone and indigenous communities as well as show case reconciliation efforts in Niagara to a national audience. The more than 5000 young athletes would become brand ambassadors for Niagara in the future through experiencing the best of the Niagara Region.

### Local and elite sport participation

By investing in these facilities, Niagara will have leading class sports and para-sports facilities which can be used by the community at large while also hosting future national and international sporting and para-sporting events.

The success of the Canada Summer Games bid has already seen success in this area with the 2017 Scotties – Tournament of Hearts, the 2018 FIBA U18 Basketball Championships, and 2016 IIHF Ice Hockey Women U18 World Championships all being held in Niagara.

Further investment in the two major infrastructure projects outlined within this report will increase our ability to potentially host future national and international sporting events. One such example is the 2024 World Rowing Championships if the improvements to the Henley Rowing facility are approved.

Having these leading class legacy facilities will support the promotion of local sports participation in Niagara; this in turn will promote physical activity while also allowing for the development of local athletic talent here in Niagara.

Historically, developing Niagara athletes have needed to travel into the Greater Toronto Areas regularly for training, access to coaching and competitive events. By investing in these facilities, all of these things would be available here in Niagara and would promote athletic excellence locally.

This investment also opens up the potential for the relocation of elite athletes and teams to Niagara. Again, we have already seen some success in this area with the Toronto Maple Leafs hosting training events in Niagara in recent years. Another good example of this is the development of the Meridian Centre in St. Catharines and subsequent ability to secure the Niagara River Lions as a local community asset.

### **Economic Impact**

After each Canada Games, the host society must conduct an economic impact study using the Canadian Sport Tourism Alliance (CSTA) STEAM model. The study for the 2013 Canada Summer Games (Sherbrooke) determine that it had an economic impact of \$165 million, and supported more than 1,111 jobs and \$54 million in wages and salaries.

The Canada Winter Games are smaller than the Summer Games, but studies of the 2011 (Halifax) and 2015 (Prince George) determined they had economic impacts of \$123 to \$130 million, supported 693 to 1,100 jobs and \$40 to \$43 million in wages and salaries.

The economic impact demonstrated above is similar to that of a Grey Cup or hosting the World Junior Hockey Championship.

Prior to bidding for the Canada Summer Games the Niagara Sport Commission used the CSTA STEAM model to project the economic impact of hosting the 2021 Canada Summer Games. It projected an economic impact of \$180 to \$240 million, and support for approximately 1,150 to 1,500 jobs, and \$57 to \$76 million in wages and salaries.

This projection was based on a total capital infrastructure investment of between \$15 and \$40 million. The 2021 Canada Summer Games Host Organizing Committee is adjusting these projections in line with the new proposed capital infrastructure investment of \$98.8 million. Increasing the investment on capital infrastructure projects increases the local economic impact.

### **Alternatives Reviewed**

Staff are recommending the proposal is funded by the \$13.7 million one-time Federal Gas tax funding. If Regional Council deny this funding proposal, the Gas Tax funding could be invested in alternate infrastructure projects in line with the terms of the Gas Tax funding agreement addressing the Region's capital deficit.

Council could also consider alternative funding options such as the issuance of additional debt (0.44% levy) or, the authorization of a one-time Special Purpose Levy (3.74% levy). Neither of these funding models are recommended.

## **Relationship to Council Strategic Priorities**

Demonstrates our ability to deliver on our community vision of *'being a unified community of communities with diverse opportunities and qualities – together we strive for a better tomorrow'*.

## **Other Pertinent Reports**

ED 2-2017  
CSC 1-2017  
CL 11-2017  
CL-C 123-2017

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### **Prepared by:**

Andrew Scott, BA (Hons), Dip Law, PCQI  
Manager, CQI  
Public Health & Emergency Services

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### **Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Enterprise Resource Management  
Services

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### **Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with Heather Talbot, Financial & Special Projects Consultant.*



## Definitive Agreement List

	<u>Agreement</u>	<u>Parties</u>	<u>Commence Negotiations</u>	<u>Conclude Agreement by:</u>	<u>Responsibility</u>
1	Consortium Agreement	Brock	Now	12-Dec-19	
		Niagara			
		Thorold			
		St. Catharines			
2	Project Agreement	Brock	Now	28-Feb-20	
		Niagara			
		Thorold			
		St. Catharines			
		CGHS			
3	Offer to Lease	Brock	Now	10 days	
		CGHS			
4	Games Lease	Brock	Now	12-Dec-19	
		CGHS			
5	Legacy Lease	Brock	06-Jan-20	28-Feb-20	
		Niagara			
		Thorold			
		St. Catharines			
		CGHS			
6	Municipal Capital Facility Agreement		27-Jan-20	15-Feb-20	
7	Facilities Programming Agreement	Brock	06-Jan-20	31-Mar-20	
		Niagara			
		Thorold			
		St. Catharines			
8	Parking Agreement	Brock	06-Jan-20	28-Feb-20	
		CGHS			
9	Facilities Licence	Brock	06-Jan-20	28-Feb-20	
		CGHS			
10	Joinder Agreements		30-Nov-19	31-Jan-20	
11	TFA Agreements		30-Nov-19	31-Jan-20	
9	[NTD: others to be added?]				

CANADA SUMMER GAMES ARENA AND SPORTS COMPLEX, HENLEY ISLAND AND OTHER FACILITY IMPROVEMENTS CAPITAL REQUIREMENTS

Capital Program - Revenue			Notes
SOURCE BUDGET NOTES			
	Total	Breakdown	
Government of Canada	\$ 32,000,000		
Contribution Agreement		3,000,000	
ICIP Contribution to Province		29,000,000	
Government of Ontario	\$ 32,000,000		
Transfer Payment Agreement		3,000,000	
Contribution Agreement - ICIP		29,000,000	
Niagara Region	\$ 20,050,000		
Transfer Payment Agreement - Capital Contribution		3,000,000	
Transfer Payment Agreement - Legacy Projects (if no deficit)		3,350,000	
Contribution Agreement - ICIP (Joinder Agreement)		13,700,000	
PWC Proforma Report & Operating Terms Contribution (Spring 2019)			
City of St. Catharines	\$ 10,000,000		
Contribution Agreement - ICIP (Joinder Agreement)		10,000,000	
PWC Proforma Report & Operating Terms Contribution (Spring 2019)			
City of Thorold	\$ 5,000,000		
Contribution Agreement - ICIP (Joinder Agreement)		5,000,000	
PWC Proforma Report & Operating Terms Contribution (Spring 2019)			
Other Niagara Municipalities	\$ 2,192,150		
Pelham Contribution Agreement - ICIP (Joinder Agreement)		21,250	Cycling Equipment
Port Colborne Contribution Agreement - ICIP (Joinder Agreement)		21,250	Cycling Equipment
Niagara Falls		1,000,000	required for Houck Park Baseball Complex Capital
Wainfleet/ West Lincoln		58,500	required for Wainfleet and West Lincoln Softball Fields
Lincoln		985,000	required for pool
Welland		63,650	required for sports complex
Grimsby		42,500	required for southward community park
Brock University	\$ 4,020,513		
Contribution Agreement - ICIP (Joinder Agreement)		4,020,513	
PWC Proforma Report & Operating Terms Contribution (Spring 2019)			
Canada Basketball	\$ 47,923		
		47,923	Canada Basketball - Bball Floor
Sponsorship & Fundraising	\$ 6,500,000		
		6,500,000	Led by 2021
TOTAL FUNDING COMMITTED	\$111,810,586	111,810,586	

Capital Program - EXPENSES			Notes
SOURCE BUDGET NOTES			
Canada Games Park - Class A Cost Estimate	\$ 80,987,000	80,987,000	
Henley Rowing Centre - Class A Cost Estimate	\$ 7,435,058	7,435,058	
Canada Games Park - Competition Equipment	\$ 1,713,000		
Interior & Exterior Scoreboards		750,000	
Wrestling mats		120,000	
Volleyball Equipment, portable speakers & 2 Kabotas		258,000	
Athletics Equipment		585,000	
Other Competition Facilities & Equipment	\$ 2,444,596		
Swimming Pool In Lincoln		1,900,000	
Oakes Park		60,000	
Welland Sports Complex		127,300	
Meridian Centre Basketball Floor		127,296	
Brock University - Diving & Rugby Upgrades		70,000	
Southward Community Park		85,000	
Cycling Improvements		75,000	
Administrative Support & Other Fees	\$ 5,056,005		
Architect		4,001,060	
Project Management		610,000	
Technical Studies		225,000	
Funding Application & Follow-Up Reports		125,000	
Operating ProForma		60,000	
Administrative		20,000	
Site Plan Review Fees		14,945	
Thorold Building Permit Fees & Servicing Charges	\$ 2,463,330		
Thorold Services		2,000,000	
Building Permits		463,330	Approx. 30k for STC
HST & Insurance TBD			
HST			
Insurance			
Deloitte - HST Report	\$ 15,000	15,000	
Canada Games Park - FF&E	\$ 2,329,148		
Furniture		385,000	
General Building Fixtures & Equipment		88,500	
Canadian Sport Institute Ontario		657,914	
Brock Centre for Health & Well Being		108,734	
Brock Centre for Sport Capacity		15,000	
Sport Association Offices		15,000	
Arena Equipment (including Lacrosse Floor, Ice Decking, Nets & Zamboni)		426,000	
Gymnasium (including Portable BB nets and VB).		28,000	
Kitchen Fixtures & Equipment		150,000	
Cycling Equipment		145,000	
Exterior Pylon & Building Signage		100,000	
Dedicated Team Room Millwork (3 rooms)		60,000	
Track & Outdoor Equipment Storage Facility		100,000	
Electric Vehicle Charging Stations (x8)		50,000	
HRC - FF&E	\$ 445,000		
General Building Fixtures & Equipment		425,000	
Furniture		20,000	
Other Legacy Projects	\$ 2,107,000		
George Taylor Field		50,000	St. Catharines Contribution within \$10M
Houck Park Baseball Complex		1,940,000	CSG contributions
Wainfleet and West Lincoln Softball Fields		117,000	25,000
CSG Legacy Capital Project(s) Contingency (7%)	\$ 6,815,450	6,815,450	970,000
			58,500
TOTAL PROJECT COST	\$111,810,587	111,810,587	

## **NIAGARA REGION TRANSFER PAYMENT AGREEMENT**

**THE AGREEMENT** is effective as of the 1<sup>st</sup> day of January, 2018

### **BETWEEN:**

**The Regional Municipality of Niagara**

**("Niagara Region")**

**- and -**

**2021 Canada Games Host Society Inc.**

**(the "Recipient")**

### **CONSIDERATION**

Whereas, Niagara Region has entered into an Agreement To Undertake with the Canada Games Council dated March 30, 2017 regarding the hosting of the 2021 Canada Games.

And whereas, the Recipient has been established to plan, organize, manage, conduct and deliver all activities relating to the obligation of hosting the 2021 Canada Games.

And whereas, the Recipient will be entering into a Hosting Agreement with the Canada Games Council regarding the 2021 Canada Games.

And whereas, the Recipient has entered into a Transfer Payment Agreement with the Province of Ontario and will be entering into a Contribution Agreement with the Government of Canada.

And whereas Niagara Region's obligations arising from this Agreement are conditional upon the Recipient receiving minimum funding payments from the Provincial and Federal governments pursuant to the aforesaid Agreements.

In consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, Niagara Region and the Recipient agree as follows:

## **1.0 ENTIRE AGREEMENT**

- 1.1 This Agreement, together with the Schedules attached hereto and any amending agreement entered into as provided for in section 2.1, constitutes the entire agreement between the Parties with respect to the subject matter contained in the Agreement and supersedes all prior oral or written representations and agreements.

## **2.0 AMENDING THE AGREEMENT**

- 2.1 The Agreement may only be amended by a written agreement duly executed by the Parties.

## **3.0 INTERPRETATION AND DEFINITIONS**

- 3.1 **Interpretation.** For the purposes of interpretation:

- (a) words in the singular include the plural and vice-versa;
- (b) words in one gender include all genders;
- (c) the headings do not form part of the Agreement; they are for reference only and will not affect the interpretation of the Agreement; and
- (d) any reference to dollars or currency will be in Canadian dollars and currency.

- 3.2 **Definitions.** In the Agreement, the following terms will have the following meanings:

**“Agreement”** means this agreement entered into between Niagara Region and the Recipient, the schedules attached hereto, and any amending agreement entered into pursuant to section 2.1.

**“Canada Games Hosting Standards”** means the 2021 Canada Games Hosting Standards published by the Canada Games Council that outline the requirements to host the 2021 Canada Games. The Hosting Agreement with the Canada Games Council will include adjustments to the Hosting Standards, including an amendment to Standard 10-M-04 which increases the CGC fee from \$880,000 to \$1,080,000, and the revocation of Standard 14-M-03.

**“Effective Date”** means January 1, 2018.

**“Expiry Date”** means December 31, 2022.

**“Funding Year”** means the period commencing on January 1 of each year and ending on the following December 31.

**“Funds”** means the money Niagara Region provides to the Recipient pursuant to the Agreement.

**“Indemnified Parties”** means Niagara Region, as well as Niagara Region’s councillors, agents, appointees, and employees.

**“Niagara Region’s Bid”** means the Bid Proposal and included Bid Budget approved by Niagara Region and submitted as Niagara Region’s bid proposal to the Canada Games Council.

**“Notice”** means any communication given or required to be given pursuant to the Agreement.

**“Parties”** means Niagara Region and the Recipient.

**“Party”** means either Niagara Region or the Recipient.

**“Project”** means the hosting of the 2021 Canada Games in general accordance with the Canada Games Hosting Standards.

**“Reports”** means the progress reports and final report described in Schedule “E” of the Ontario Transfer Payment Agreement between the Recipient and the Province of Ontario dated November 1, 2017 (a copy of which is attached to this Agreement as Schedule “C”).

#### **4.0 REPRESENTATIONS, WARRANTIES, AND COVENANTS**

**4.1 General.** The Recipient represents, warrants, and covenants that:

- (a) it is, and will continue to be, a validly existing legal entity with full power to fulfill its obligations under the Agreement; and
- (b) it has, and will continue to have, the experience and expertise necessary to carry out the Project in accordance with the requirements of this Agreement.

**4.2 Execution of Agreement.** The Recipient represents and warrants that it has the full power and authority to enter into the Agreement.

#### **5.0 TERM OF THE AGREEMENT**

**5.1 Term.** The term of the Agreement will commence on the Effective Date and will expire on the Expiry Date.



## **6.0 CONDITIONAL OBLIGATIONS**

**6.1 Other Funding.** Niagara Region's obligations pursuant to this Agreement are conditional upon:

- (a) payment by the Government of Canada of the sum of not less than \$10,350,000 towards the Project pursuant to a Contribution Agreement with the Recipient;
- (b) payment by the Province of Ontario of the sum of not less than \$10,350,000 towards the Project pursuant to the Transfer Payment Agreement with the Recipient dated November 1, 2017; and
- (c) Canada Games Council making a cash contribution of not less than \$290,000 and a value in kind contribution of not less than \$135,000 towards the Project pursuant to a Hosting Agreement with the Recipient.

And if any of these contributions are not made, Niagara Region may, subject to section 13.3, take one or more of the actions set out in section 13.2 of this Agreement.

## **7.0 FUNDS AND CARRYING OUT THE PROJECT**

**7.1 Funds Provided.** Niagara Region will:

- (a) be responsible for any financial deficit (capital and operating) associated with the Project;
- (b) subject to the Recipient's compliance with section 7.4(e), provide the Recipient with at least \$3 million (in cash) for capital expenditures for the Project which qualify for ten-year debenture financing;
- (c) provide the Recipient with \$4 million (in cash or value-in-kind) for operating expenditures for the purpose of carrying out the Project;
- (d) subject to the Recipient's compliance with section 7.4(e) to the extent approved legacy projects are capital in nature, provide the Recipient with an additional \$3.35 million in 2022 for legacy projects identified in the Legacy Plan produced by the Recipient as part of the Project, provided that: all or part of this amount would first be applied to any deficit referred to in section 7.1(a); this amount (or any remaining portion after it is applied to any deficit) is matched by funds from additional stakeholders; and, Niagara Region has provided appropriate approval for those projects funded by this amount (or any remaining portion after it is applied to any deficit);
- (e) provide the Funds to the Recipient in accordance with the payment plan attached to the Agreement as Schedule "A"; and

- (f) deposit the Funds into an account designated by the Recipient provided that the account resides at a Canadian financial institution and is in the name of the Recipient.

7.2 **Reimbursement by the Recipient.** The Recipient agrees to reimburse Niagara Region in the amount of \$320,000 for advances to the Funds for operating expenditures that were provided by Niagara Region prior to the Effective Date. The reimbursement (or offset) of this amount is to be done in accordance with the payment plan attached to the Agreement as Schedule "A".

7.3 **Use of Funds.** The Recipient will:

- (a) use the Funds only for the purpose of carrying out the Project in accordance with this Agreement.

7.4 **Recipient Obligations with respect to the Project.** The Recipient will:

- (a) undertake the Project in accordance with the commitments and plans set forth in Niagara Region's Bid as revised by the Recipient from time to time in accordance with the Canada Games Hosting Standards, the Hosting Agreement with the Canada Games Council and any supplemental funding commitments made by additional stakeholders;
- (b) in accordance with the Canada Games Hosting Standards, not approve a revised budget for undertaking the Project that projects a deficit unless otherwise agreed to in writing by Niagara Region;
- (c) use all commercially reasonable efforts to ensure the absence of a deficit in the completion of the Project while fulfilling the commitments contained herein. Without limiting the foregoing, the Recipient shall:
  - i. Obtain in an expeditious manner, legally binding commitments from owners of venues to be used for the Project;
  - ii. Seek out further sponsors to fund the uncommitted elements of the budget established by the Recipient for the Project;
  - iii. Comply with all Governance requirements contained within section A 2.3 of the Ontario Transfer Payment Agreement which are obligations of the Recipient incorporated into this Agreement by reference;
  - iv. Comply with the requirements respecting Acquisition of goods and services contained within section A 5.1 of the Ontario Transfer Payment Agreement which are obligations of the Recipient incorporated into this Agreement by reference;
  - v. Comply with the requirements respecting Conflicts of Interest contained within section A 6.0 of the Ontario Transfer Payment Agreement which are obligations of the Recipient incorporated into



this Agreement by reference;

- (d) collaborate with the Canada Games Council on the implementation of the Canada Games Council's transfer of knowledge program, and participate in the refinement and enhancement of that program from the 2017 and 2019 Canada Games;
- (e) With respect to the Funds committed by Niagara Region for capital expenditures in section 7.1(b) or for funding capital assets forming part of the Legacy Plan noted in section of 7.1 (d), provide Niagara Region by May 31, 2019 with the following information in relation to those capital works for which such Funds are to be used:
  - i. sufficient detail concerning the nature of such capital works;
  - ii. the gross budget and all sources of financing for such capital works;
  - iii. the useful life of such capital works; and
  - iv. such additional information as required by Niagara Region, acting reasonably, to permit Niagara Region to facilitate debenture financing for such funding;

in order to facilitate the capital funding payment described in Schedule "A" on July 1 2019;

- (f) use the transfer of knowledge tools developed for the Canada Games Council's transfer of knowledge program, including the business plan template, budget tools and other tools and file management systems as identified by the Canada Games Council throughout the Games Life-Cycle; and
- (g) Enter into such agreements as are reasonably required to carry out the Project including but not limited to a form of Hosting Agreement and Trade-marks Licensing Agreement with the Canada Games Council.

## **8.0 REPORTS AND RECORDS**

- 8.1 **Preparation and Submission.** The Recipient will submit to Niagara Region all Reports in accordance with the timelines and content requirements as provided for in Schedule "E" of the Ontario Transfer Payment Agreement between the Recipient and the Province of Ontario. The Recipient will also provide periodic update presentations to Regional Council upon invitation by Regional Council.
- 8.2 **Record Maintenance.** The Recipient will keep and maintain:
  - (a) all financial records (including invoices) relating to the Funds or



otherwise to the Project in a manner consistent with generally accepted accounting principles; and

- (b) all non-financial documents and records relating to the Funds or otherwise to the Project.

## **9.0 ACKNOWLEDGEMENT**

### **9.1 The Recipient acknowledges that:**

- (a) the Niagara Region is not responsible for carrying out the Project; and
- (b) the Niagara Region is bound by the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Niagara Region in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act.

## **10.0 COMMUNICATIONS REQUIREMENTS**

- 10.1 **Acknowledge Support.** Unless otherwise directed by the Niagara Region, the Recipient will acknowledge the support of the Niagara Region for the Project in accordance with Schedule "B".

## **11.0 INDEMNITY**

- 11.1 **Indemnification.** Subject to the Niagara Region's responsibility for any deficit as set out in section 7.1(a) of the Agreement, the Recipient will indemnify and hold harmless the Indemnified Parties from and against any and all liability, loss, costs, damages, and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits, or other proceedings, by whomever made, sustained, incurred, brought, or prosecuted, in any way arising out of or in connection with the Project or otherwise in connection with the Agreement, unless, and to the extent, caused by the negligence or wilful misconduct of the Indemnified Parties.

## **12.0 INSURANCE**

- 12.1 **Recipient's Insurance.** The Recipient represents, warrants, and covenants that it has, and will maintain, at its own cost and expense, with insurers having a secure A.M. Best rating of B+ or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, with limits and types of insurance at least equal or better than prescribed by the Canada Games Hosting Standards, and including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury, and property damage, to an inclusive limit of

not less than \$10 million per occurrence. The insurance policy will include the following:

- (a) the Indemnified Parties as additional insureds with respect to liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, the Agreement;
- (b) a cross-liability clause;
- (c) contractual liability coverage; and
- (d) a 30-day written notice of cancellation.

**12.2 Proof of Insurance.** The Recipient will:

- (a) provide to the Niagara Region , either:
  - (i) certificates of insurance using Niagara Region's form of insurance Certificate; or
  - (ii) other proof that confirms the insurance coverage as provided for in section 12.1 and is acceptable to Niagara Region, acting reasonably; and
- (b) upon the request of Niagara Region, provide Niagara Region with a copy of any such insurance policy.

**13.0 EVENT OF DEFAULT, CORRECTIVE ACTION, AND TERMINATION FOR DEFAULT**

**13.1 Events of Default.** Each of the following events will constitute an Event of Default:

- (a) the Recipient commits any material breach of any representation, warranty, covenant, or other term of the Agreement;
- (b) the Recipient makes an assignment, proposal, compromise, or arrangement for the benefit of creditors, or a creditor makes an application for an order adjudging the Recipient bankrupt, or applies for the appointment of a receiver;
- (c) any of the contributions by the Province of Ontario, Government of Canada or Canada Games Council as set out in section 6.1 of the Agreement are not made; and
- (d) the Recipient ceases to operate.

13.2 **Consequences of Events of Default and Corrective Action.** If an Event of Default occurs, the Niagara Region may, subject to section 13.3, take one or more of the following actions:

- (a) initiate any action the Niagara Region considers necessary in order to facilitate the successful continuation or completion of the Project;
- (b) suspend the payment of Funds for such period as the Niagara Region determines appropriate;
- (c) cancel further instalments of Funds;
- (d) demand from the Recipient the payment of any Funds remaining in the possession or under the control of the Recipient; and
- (e) terminate the Agreement.

13.3 **Recipient Can Remedy.** Before taking any of the actions set out in section 13.2, the Niagara Region will provide the Recipient with Notice of the Event of Default and a reasonable opportunity to remedy the Event of Default.

#### 14.0 **NOTICE**

14.1 **Notice in Writing and Addressed.** Notice will be in writing, will be delivered by email or personal delivery, and will be addressed to the Niagara Region and the Recipient respectively as provided below, or as either Party later designates to the other by Notice.

Niagara Region: Carmen D'Angelo – [carmen.dangelo@niagararegion.ca](mailto:carmen.dangelo@niagararegion.ca)

Recipient: Wayne Parrish – [wparrish@2021canadagames.ca](mailto:wparrish@2021canadagames.ca)

#### 15.0 **SEVERABILITY OF PROVISIONS**

15.1 **Invalidity or Unenforceability of Any Provision.** The invalidity or unenforceability of any provision of the Agreement will not affect the validity or enforceability of any other provision of the Agreement. Any invalid or unenforceable provision will be deemed to be severed.

#### 16.0 **WAIVER**

16.1 **Waiver Request.** Either Party may, in accordance with the Notice provision

set out in section 14.0, ask the other Party to waive an obligation under the Agreement.

16.2 **Waiver Applies.** Any waiver a Party grants in response to a request made pursuant to section 16.1 will:

- (a) be valid only if the Party granting the waiver provides it in writing; and
- (b) apply only to the specific obligation referred to in the waiver.

## 17.0 INDEPENDENT PARTIES

17.1 **Parties Independent.** The Recipient is not an agent, joint venturer, partner, or employee of the Niagara Region and the Recipient will not represent itself in any way that might be taken by a reasonable person to suggest that it is, or take any actions that could establish or imply such a relationship.

## 18.0 ASSIGNMENT OF AGREEMENT

18.1 **No Assignment.** The Recipient will not, without the prior written consent of the Niagara Region, assign any of its rights or obligations under the Agreement.

18.2 **Agreement Binding.** All rights and obligations contained in the Agreement will extend to and be binding on the Parties' respective heirs, executors, administrators, successors, and permitted assigns.

## 19.0 GOVERNING LAW

19.1 **Governing Law.** The Agreement and the rights, obligations, and relations of the Parties will be governed by and construed in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada. Any actions or proceedings arising in connection with the Agreement will be conducted in the courts of Ontario, which will have exclusive jurisdiction over such proceedings.




The Parties have executed the Agreement on the dates set out below.

**The Regional Municipality of Niagara**

Aug 10/18  
Date

  
\_\_\_\_\_  
Name: Alan Caslin  
Title: Regional Chair

Aug 10, 2018  
Date  
APPROVED FOR EXECUTION  
  
\_\_\_\_\_  
LEGAL SERVICES

  
\_\_\_\_\_  
Name: Carmelo D'Angelo, BSc, MPA  
Title: Chief Administrative Officer

We have authority to bind Niagara Region.

**2021 Canada Games Host Society Inc.**

Aug 7/2018  
Date

  
\_\_\_\_\_  
Name: Wayne Parrish  
Title: Chief Executive Officer

I have authority to bind the Recipient.

**SCHEDULE "A"**  
**FUNDING PAYMENT PLAN**

**Canada Summer Games**

**Cash Commitment Schedule - Niagara Region**

		<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Key Terms:</u>	
02-Jan	2018	\$ 350,000	\$ -	\$ 350,000		
Upon execution	2018	\$ 150,000	\$ -	\$ 150,000		
01-Sep	2018	\$ 180,000	\$ -	\$ 180,000		
01-Nov	2018	\$ 320,000	\$ -	\$ 320,000		
01-Nov	2018	\$ (320,000)			1)	reduced by \$320,000 2017 advance (Agreement section 7.2)
	2018	\$ 680,000	\$ -	\$ 680,000		
02-Jan	2019	\$ 250,000	\$ -	\$ 250,000		
01-Apr	2019	\$ 250,000	\$ -	\$ 250,000		
01-Jul	2019		\$ 3,000,000	\$ 3,000,000		
01-Sep	2019	\$ 250,000	\$ -	\$ 250,000	2)	Capital funding will be subject to requirement of section 7.4(d)
01-Nov	2019	\$ 250,000	\$ -	\$ 250,000		
	2019	\$ 1,000,000	\$ 3,000,000	\$ 4,000,000		
<i>(Note - Capital funding will be per project schedules)</i>						
02-Jan	2020	\$ 250,000	\$ -	\$ 250,000		
01-Apr	2020	\$ 250,000	\$ -	\$ 250,000		

01-Sep	2020	\$ 250,000	\$ -	\$ 250,000			
01-Nov	2020	\$ 250,000	\$ -	\$ 250,000			
	2020	\$ 1,000,000	\$ -	\$ 1,000,000			
<i>(Note - Capital funding will be per project schedules)</i>							
02-Jan	2021	\$ 250,000	\$ -	\$ 250,000			
01-Apr	2021	\$ 250,000	\$ -	\$ 250,000			
01-Sep	2021	\$ 250,000	\$ -	\$ 250,000			
01-Nov	2021	\$ 250,000	\$ -	\$ 250,000			
	2021	\$ 1,000,000	\$ -	\$ 1,000,000			
Q1	2022	\$ -	up to \$3,350,000			3)	subject section to 7.1(d)

Subject to compliance with the requirements and conditions precedent set forth in Section 7.1(d), \$3.35 million for legacy projects will be budgeted and targeted by Niagara Region to be payable to the Recipient early in 2022



## **SCHEDULE "B"**

### **ACKNOWLEDGEMENT OF FINANCIAL SUPPORT**

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Niagara Region and the Recipient's senior staff person responsible for marketing and communications will create and agree on a process to determine how to manage the requirements outlined in Schedule B, which include but are not limited to what materials, events, ceremonies, activities, announcements, speaking opportunities, releases, advertisements, event sites and projects are considered appropriate.

The Recipient will take reasonable steps to ensure that:

1. The Niagara Region 's support will be acknowledged in at least equal prominence as other funding parties, supporters and sponsors.
2. Online materials will link to an address provided by the Niagara Region .
3. The Niagara Region approves the Recipient's plan in relation to use of the Niagara Region Logo and acknowledgement of the Niagara Region's support.
4. The trademarked name "Niagara Region" and related Logo (hereinafter the "Wordmark") will be displayed as appropriate on printed materials, printed announcements, marketing materials, publications and media products.
5. The Niagara Region Wordmark is displayed on any promotional items related to the funded project if the logos of other government funding partners are to be displayed.
6. The Niagara Region Wordmark is displayed on staff and volunteer clothing in the same manner as other government funding partners.
7. Recipient social media accounts will be identified for the Niagara Region .
8. Niagara Region social media accounts will be followed by the Recipient.
9. The Niagara Region will work with the Host Society on accreditation as it relates to the Canada Games Council's policy on accreditation.
10. An invitation is issued to the Niagara Region's Regional Chair for appropriate events, ceremonies, and announcements.
11. The Canada Games Council provides Niagara Region with a speaking role in the Opening and/or Closing ceremonies.



12. A pre-approved quote from Niagara Region's Regional Chair is secured and included in appropriate media releases that refer to government funding sources for the Project.
13. The Niagara Region will be provided with the opportunity to participate in medal presentations with the number of opportunities at a minimum equal to that of other government funding partners and sponsors.
14. The Niagara Region's support is acknowledged in appropriate advertisements in any format except where this would infringe upon the rights of a specific sponsorship agreement.
15. The Niagara Region will be provided with the opportunity to provide a Regional Chair's message in any Games Official Program / Guide that is distributed to participants, media or the general public.
16. The Niagara Region will be provided authorization to use photographs and video created by the Recipient to promote the Canada Games in Niagara Region reports, publications, website and social media for the purposes of promoting the Games.
17. The Niagara Region's contribution is acknowledged on signage at appropriate event sites using the Wordmark in at least equal size and prominence of the logos or texts of any other government funding partner displayed on the signage. Reasonable steps will be taken to display the Wordmark within the sightlines of television / webcast. The Wordmark must be displayed at the venue entrance for spectator viewing.
18. The Niagara Region's contribution will be acknowledged at appropriate speaking opportunities and media events related to the Games.
19. The Niagara Region will be provided with a speaking role at any appropriate event or activity such as public and media events. Efforts must be made to provide the speaking opportunities one (1) month in advance.
20. The Niagara Region will be provided with an opportunity to provide a recorded video message or announcement at any appropriate event with the capability. The Recipient will provide the technical specifications to the Niagara Region one (1) month prior to the event.
21. The Niagara Region will be provided with the opportunity to execute an activation – including the ability to distribute promotional material(s) that do not infringe upon Recipient or vendor exclusivity - prior to or during the event in the form of a booth or kiosk. Any space provided will be equal in size and visibility to other government funding partners.

22. The Niagara Region's contribution will be acknowledged on signage at appropriate capital construction and renovation projects funded by the Niagara Region. The acknowledgement will appear during construction phase and be replaced by a permanent plaque to be procured by the Recipient that outlines the project has been made possible in part through funding from the Niagara Region. The Plaque design and location are to be pre-approved by the Niagara Region. If an unveiling ceremony is planned, the Niagara Region will be provided with a speaking role in the event. The timing of the event must be pre-approved by the Niagara Region.
23. The Recipient will consider a possible amendment to its Conflict of Interest Policy to address the potential for representatives of the Recipient to disparage, discourage, insult or make negative and/or inappropriate comments to any potential funding partner, sponsor, or government (municipal, provincial or federal) in order to advance another partner, sponsor or government.

## SCHEDULE "C" REPORTING

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MILESTONES	MILESTONE COMPLETION DUE DATE
Upon execution of this Agreement.	
Upon submission and approval by the Province of Progress Report 1.0	April 20, 2018
Upon submission and approval by the Province of Progress Report 2.0	April 1, 2019
Upon submission and approval by the Province of Progress Report 3.0	April 1, 2020
Upon submission and approval by the Province of Progress Report 4.0	April 1, 2021
Upon submission and approval by the Province of the Project Final Report	October 1, 2021
Upon submission and approval by the Province of the Project Audited Financial Statement	June 30, 2022

### Report Descriptions:

The Progress Report will include a written description of the current status of Games planning in a format chosen by the Recipient (example- status update by Functional Area) and will include a note on any delays, risks, and adjustments to the project that may impact the delivery schedule. The financial section of the Progress Report will provide an update to the budget detailing spending to date, sponsorship revenue (including cash, value-in-kind and enhancements) and forecasted spending to the end of the Project. Because of the short period between the execution of this Agreement and the submission of Progress Report 1.0, Progress Report 1.0 will provide an update regarding any spending of part of the amount due upon execution of this Agreement.

The Final Report will include a list of the ways in which the Province's contribution to the

Games was recognized by the Recipient before, during and after the Games, a post-event economic impact study, key statistics from each functional area; key learnings, an updated budget, and other information that may be reasonably requested by the Province. A final audited financial statement will also be provided to the Province after the 2021-2022 fiscal year end.

# Canada Games Park

## Preliminary Financial and Operational Assessment

Update to November 2017 Report  
September 6, 2019



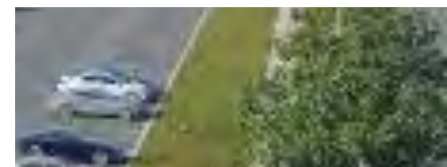
# Agenda

1. Scope of Review	3
2. Project Description	5
3. Potential Utilization	8
4. Operating Assumptions	12
5. Updated Preliminarily Estimated Cash Flows	16
6. General Assumptions and Limiting Condition	18

Any person who is not an addressee of this Report, or has not been acknowledged as a recipient of this Report in the Engagement Letter, or who has not signed and returned to PwC a Release Letter, is not authorized to have access to this Report.



Scope of Review





# Scope of Review

## Introduction

- In March 2017, Niagara Region was announced as host of the 2021 Canada Games, a high-level multi-sport event held every two years alternating between the Canada Winter Games and Canada Summer Games. In support of this event, a multi-sport athletics facility is proposed to be developed on lands leased from Brock University. This facility, and the lands upon which it would be constructed, is to be known as “Canada Games Park” (“CGP”, the “Project” or the “Facility”).
- In October 2017, PricewaterhouseCoopers LLP (“PwC”) was retained by the 2021 Canada Games Host Society (“CGHS”) and the City of St. Catharines (the “City”) to assist in evaluating the CGP, and specifically to assist identifying the potential capital costs and potential operating metrics associated with the Facility following its potential handover to the City after the completion of the Games. PwC issued its report in November 2017.
- Since PwC issued its *Preliminary Financial and Operational Assessment* Report, the CGHS, the City of St. Catharines, the City of Thorold and the Regional Municipality of Niagara have continued to advance the planning and design of the Facility.
- With the Facility now at a more advanced stage of design and costing, CGHS again retained PwC to update its November 2017 Report to reflect the realities of the Facility as it is currently envisioned.

## Scope of Work

The scope of work completed by PwC included the following:

- Obtained and examined revised plans, drawings and cost estimates for the Project;
- Held discussions with the Project’s architects, engineers and cost consultants to better understand the revised plans;

- Obtained and evaluated other business, financial and operating plans prepared by staff of Brock University, the City of St. Catharines, the City of Thorold and / or the Regional Municipality of Niagara;
- Held discussions with Brock University, City of St. Catharines, City of Thorold and Niagara Region officials who prepared those business, financial and operating plans;
- Held discussions with Brock University athletics and recreation staff, and with City of St. Catharines and City of Thorold parks and recreation staff, to understand current use and programming requirements for the Project;
- Held discussions with City of St. Catharines and City of Thorold parks and recreation staff to understand current use and programming trends at city-run facilities (including rates and fees);
- Undertook additional research, as required;
- Evaluated the operating assumptions utilized in the November 2017 Report and made adjustments / updates as necessary; and
- Updated the preliminary operating proforma for the Facility.

## Scope of this Report

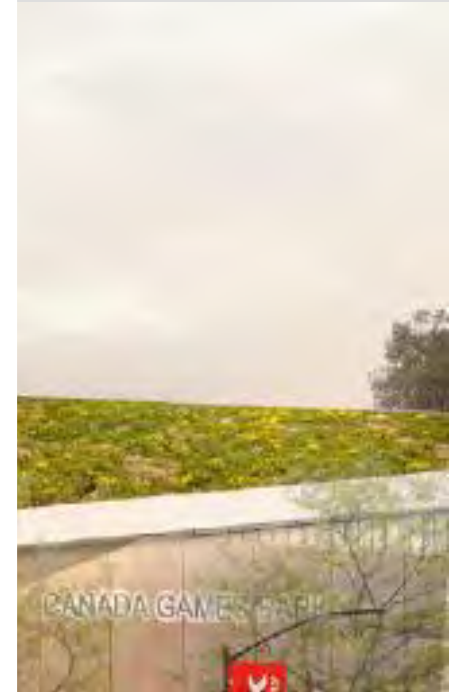
- This Report provides an update to the “Preliminary Financial and Operational Assessment” report prepared by PwC and dated November 2017.

## Report Limitations

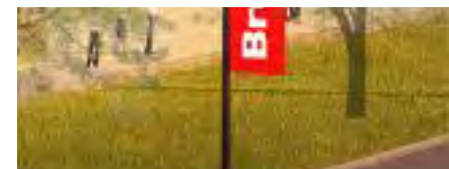
This Preliminary Report is for the 2021 Canada Games Host Society. Permitted recipients of this report include Brock University, the City of St. Catharines, the City of Thorold and the Regional Municipality of Niagara.

**Any person who is not an addressee of this Report, or has not been acknowledged as a recipient of this Report in our Engagement Letter with the CGHS, or who has not signed and returned to PwC a Release Letter, is not authorized to have access to this Preliminary Report.**





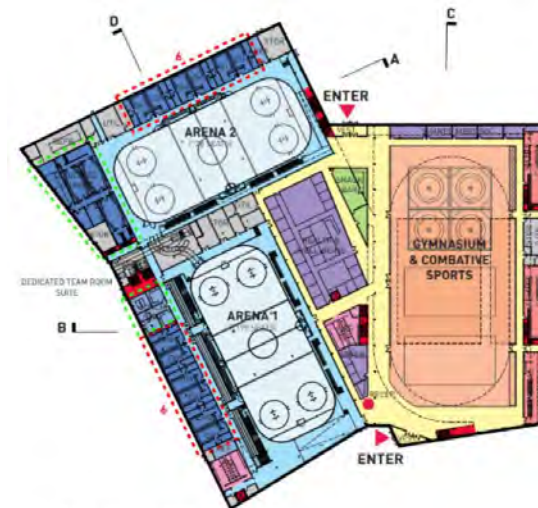
## Project Description



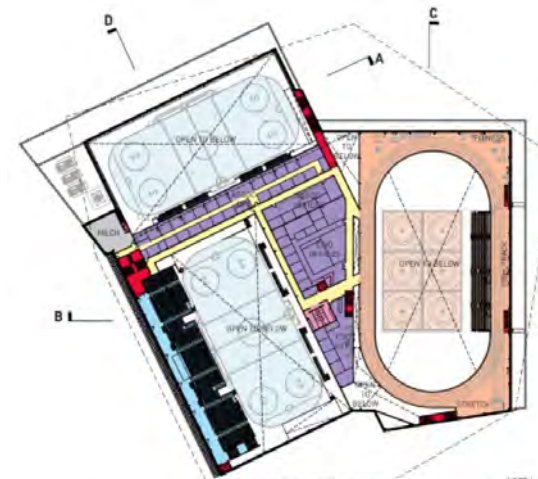
# Project Description

## Indoor Facilities

- CGP is envisioned to occupy a building footprint in the range of 155,000 square feet and contain roughly 180,400 square feet of space on two levels. Uses / facilities to be included in the Facility are:
  - A twin-pad arena (80,000 square feet):
    - one ice pad with approximately 1,000 fixed-seats, serving as the home arena for Brock University's men's and women's varsity hockey teams;
    - a second pad with approximately 200 seats;
    - during the summer season, it is envisioned that both ice pads would be utilized for indoor floor uses (box lacrosse and ball hockey);
  - A "quad gymnasium (measuring some 35,100 square feet) with a 200 metre track circling the gymnasium on a second level;
  - A regional centre for the Canadian Sport Institute – Ontario ("CSIO") of approximately 6,000 square feet;
  - A 10,000 square foot health and wellness centre (the Brock Centre for Health & Wellness);
  - Approximately 9,000 square feet of additional office space (including office space for various sport groups and organizations);
  - Approximately 1,000 square feet of food service areas; and
  - Lobby, circulation and building administration space (39,000 square feet).



GROUND FLOOR PLAN



SECOND FLOOR PLAN

# Project Description

## Outdoor Facilities

- Outdoor facilities at CGP are planned to include:
  - a 400 metre running track with interior grass field;
  - an area for athletics (jumping / throws) and storage;
  - temporary seating for the track facility;
  - a beach volleyball facility with six courts;
  - an open air bike pavilion connecting the Project to nearby trails.
- Additional facilities include:
  - parking for approximately 1,540 cars (with roughly 260 used for the CGP and 1,280 used by Brock).

Building Components	Size	
Twin Pad Arena	68,000 sf	6,300 m <sup>2</sup>
Quad Gymnasium plus track	48,000 sf	4,500 m <sup>2</sup>
Brock Centre for Health & Well-Being	9,700 sf	900 m <sup>2</sup>
CSIO	6,000 sf	700 m <sup>2</sup>
Additional Office / Leased Space	9,000 sf	800 m <sup>2</sup>
Food Service / Circulation / Administration	39,700 sf	3,700 m <sup>2</sup>
<b>TOTAL BUILDING AREA</b>	<b>180,400 sf</b>	<b>16,900 m<sup>2</sup></b>

Outdoor Sport Facilities	Estimated Land Area	
Track and Grass Field	164,300 sf	15,300 m <sup>2</sup>
Beach Volleyball	36,500 sf	3,400 m <sup>2</sup>
Storage	2,200 sf	200 m <sup>2</sup>
Cycling & Environmental Sustainability	1,600 sf	150 m <sup>2</sup>
<b>TOTAL OUTDOOR AREA</b>	<b>204,600 sf</b>	<b>19,050 m<sup>2</sup></b>







## Potential Utilization



# Potential Utilization

## **Arenas - Winter**

- Based on discussions with the City of St. Catharines and the City of Thorold, we understand that each city will commit to closing one ice pad and will agree to transfer that utilization to CGP. As such, most of the “Prime Time ice” (i.e., between 5pm and 11pm on weekdays and between 8am and 11pm on weekends) would be utilized
- In addition, we understand that Brock University will commit to using CGP for its varsity Men’s and Women’s hockey teams. These teams would be provided five-hour blocks of Prime Time ice (generally Friday evenings, Saturday afternoons / evenings and / or Sunday afternoons) for games. Teams would also be provided with two two-hour time blocks (primarily Monday through Thursday) for practices. Finally, Brock would be provided with ice time for various intramural sports, including hockey (Sunday through Thursday from 11pm to 1am), as well as Prime Time and Non-Prime Time hours for figure skating and ringette.
- Additional Prime Time (defined above) and Non-Prime Time (generally 7am to 5pm on weekdays and after 11pm on weekdays and on weekends) would be programmed with ice rentals to various sport groups (whether minor boys and girls hockey, ringette, figure skating, speed skating, sledge hockey, etc.), as well as to various adult hockey organizations from both St. Catharines and Thorold.
- In addition, it is presumed that if a private operator were utilized, they could establish their own men’s and women’s hockey leagues (competitive and recreational, day-time and evenings, assuming availability of ice and demand), charging players a rate (per team or per player) which includes ice, jerseys, referees, timekeepers and on-line stats / standings. Such use would serve to increase overall facility utilization.
- Finally, it is assumed that various “drop in” events could be staged during Non-Prime Time hours, including shinny and “stick and puck”.

- Utilization of the ice pads is assumed to average 65% over the winter season, with Prime Time averaging 97.5% and Non-Prime Time approximately 35% to 40% driven by rentals from St. Catharines and Thorold groups and by Brock University.
- During the summer season, it is assumed that one ice pad would have its ice removed on or about April 1, while the second would have its ice removed on or about May 1, allowing for dry-floor use for box lacrosse and ball hockey. Ice would be reinstalled on or about August 15 each year, allowing for pre-season training camps and other hockey skills camps to be run.
- At such utilization levels, they are projected to be comparable, albeit slightly higher than utilization levels currently being realized in St. Catharines and Thorold arena facilities.
- Average rental rates charged at the Facility are assumed to be \$200 per hour (excluding HST) for Prime Time and \$140 per hour (excluding HST) for Non-Prime Time during both the winter and summer seasons.

## **Arenas - Summer**

- As noted above, ice is assumed to be taken out for the summer period, allowing the Facility to be used for dry-floor uses, including box lacrosse and ball hockey.
- Per a discussion with local lacrosse officials, we understand that sufficient demand would exist during weeknight Prime Time to utilize both areas for an approximately three-month period (weekend Prime Time would not generally be demanded).
- Utilization of the various ice pads is assumed to average 40% over the summer season, with Prime Time averaging 60% and Non-Prime Time approximately 25%.

# Potential Utilization

## ***Arenas – Summer (continued)***

- Average rental rates charged at the Facility are assumed to be \$150 per hour (excluding HST) for Prime Time and \$100 per hour (excluding HST) for Non-Prime Time during the summer season.

## ***Quad Gymnasium***

- As noted in PwC's November 2017 report, City of St. Catharines staff and CGHS provided the results of a survey of some 42 potential user groups of the CGP. This survey enquired about their potential utilization of the various CGP facilities, as well as provided background information on the size of their organization (number of participants) and facility use requirements (time of year and day / night / weekend requirements).
- In addition, Brock has indicated a desire to utilize all Non-Prime Time hours at three of the gymnasium's courts (Monday through Friday).
- Based on the foregoing, it was estimated that the gymnasium could achieve utilization during Prime Time periods of approximately 80% and achieve overall utilization of between 50% and 55% during the winter season.
- During the summer season, the gymnasium's utilization was assumed to fall. As such, it was assumed that the gymnasium would achieve Prime Time utilization of approximately 60% and overall utilization of between 40% and 45% during the summer period.
- Assumed rental rates are \$125 (excluding HST) per hour during Prime Time and \$75 (excluding HST) in Non-Prime Time.

## ***Canadian Sport Institute - Ontario***

- It is assumed, based on rents which the CSIO pays at both the Toronto Pan Am Sport Centre and Milton Velodrome, that they would pay \$25 per square foot (gross) for the 6,000 square feet they would occupy in this component of the Project.

## ***Brock Centre for Health & Well-Being***

- It is assumed that the 9,700 square foot Brock Centre for Health & Well-Being would also pay rent in the range of \$25 per square foot (gross), allocated between base rent of \$14 per square foot (on a five-year basis) and \$11 per square foot for facility operating costs recoveries (on a pro-rata basis). Facility operating cost recoveries are assumed to increase annually.

## ***Additional Office / Leased Space***

- It is assumed other office / leased space (totaling some 9,000 square feet) would also pay rent in the range of \$25 per square foot (gross), allocated between base rent of approximately \$12 per square foot (on a five-year basis) and roughly \$13 per square foot for facility operating costs (on a pro-rata basis). Facility operating cost recoveries are assumed to increase annually. A 10% vacancy allowance is also assumed for this space.

## ***Track / Track Infield***

- Based on the results of the survey provided by the City and CSG Host Society, it was estimated that utilization of the track would be somewhat limited. It was assumed that the track would be available at no charge to walkers / runners during certain times during the day. The track would, however, be reserved for high performance athletes and clubs at other times, paying a reserve rate of \$75 per hour. Facility rentals to clubs, local school boards and other organizations for meets could also be secured for the assumed \$75 per hour rate (\$500 per day).

## ***Beach Volleyball***

- PwC's previously-issued November 2017 Report assumed that utilization of the beach volleyball courts could achieve utilization levels of approximately 60% during summer Prime Time hours. Rental rates were assumed at \$10 per hour per court.

# Potential Utilization

## ***Beach Volleyball (continued)***

- Based on discussions with the Ontario Volleyball Association (“OVA”), we understand that the OVA has entered into multi-year agreements with a number of municipalities to gain exclusive access to beach volleyball courts. While paying a fee of approximately \$1,000 per court for the exclusive right to use those facilities, the OVA also assumes responsibility to replacing the sand in the courts, as well as maintaining / replacing the volleyball nets and poles.
- For the purpose of this updated assessment, it is assumed that the beach volleyball courts would be exclusively leased to the OVA for \$6,000 per season, with the OVA responsible to maintaining the sand and sports equipment.

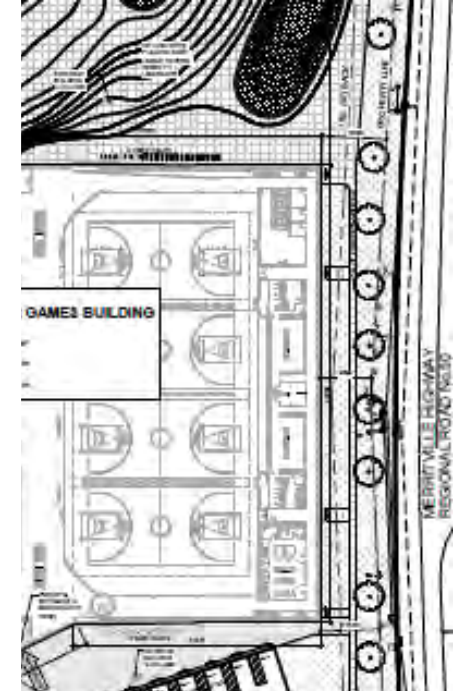
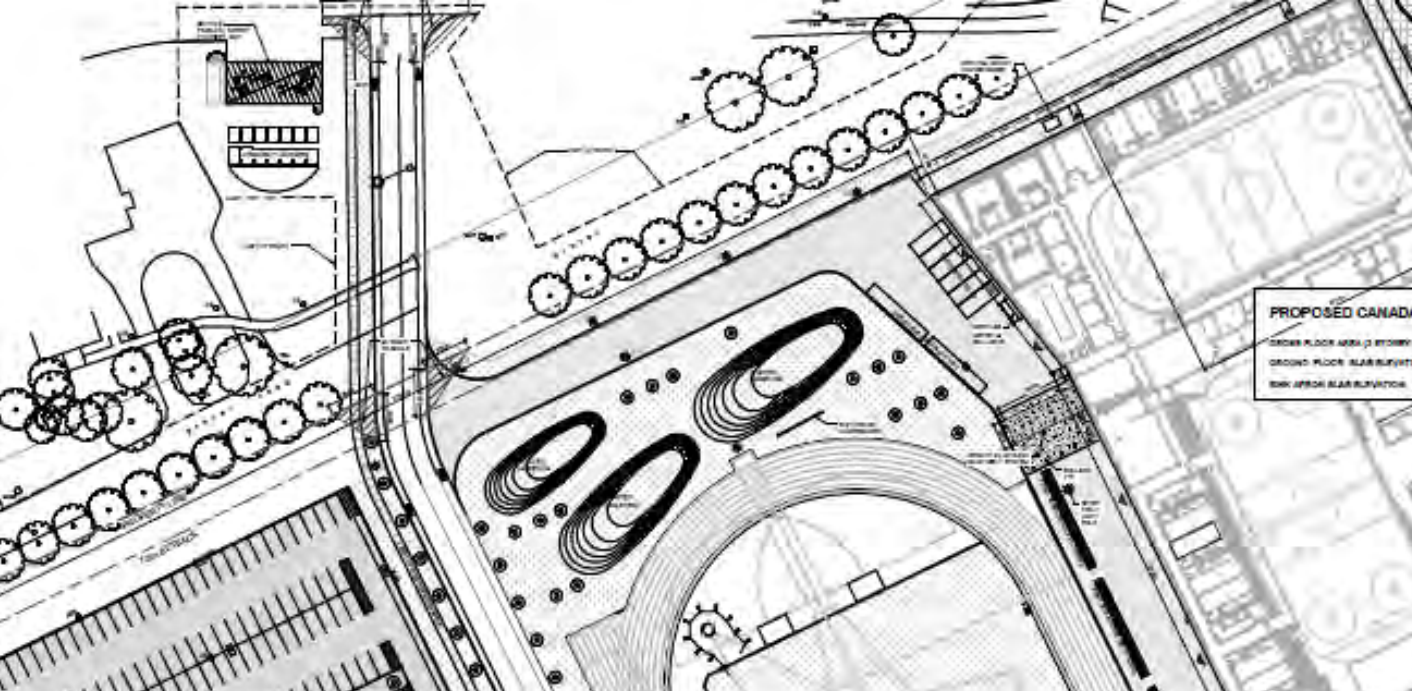
## ***Storage and Cycling***

- Similar to PwC’s November 2017 Report, no revenue is assumed from the storage and cycling facilities.

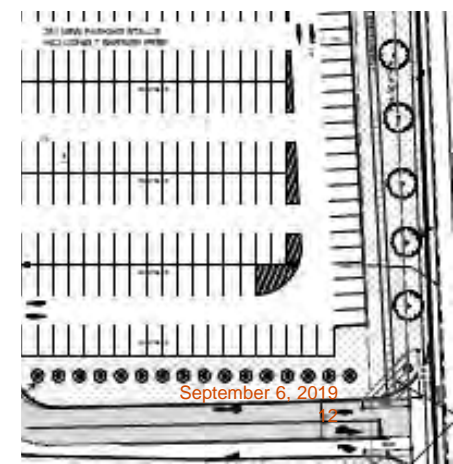
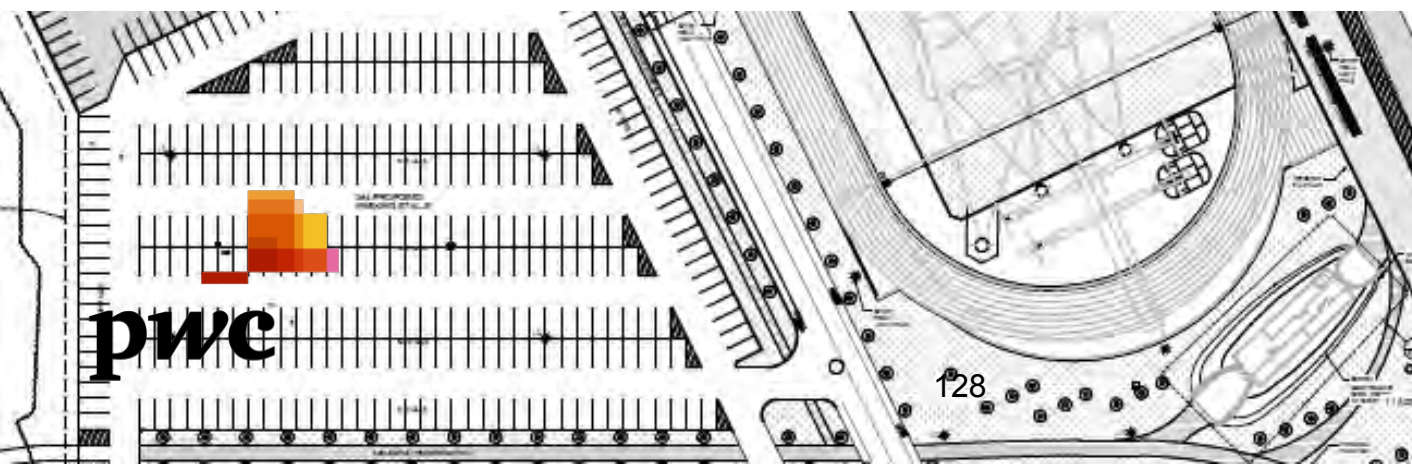
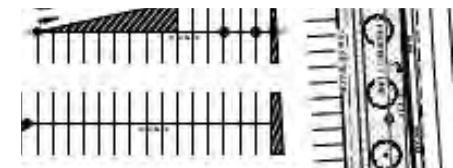
## ***Exclusive Dressing Rooms***

- The Arena components are assumed to include dressing rooms for Brock’s Men’s and Women’s varsity hockey teams (plus coaches’ offices).
- For the purpose of this assessment, no revenue has been assumed from the exclusive assignment of this space to Brock.





## Operating Assumptions





# Operating Assumptions

## **Operating Proforma**

- In assessing how the Project could potentially operate, PwC reviewed and revised the multi-year proforma cash flow model previously prepared to depict the potential operations of this Facility. In deriving a proforma cash flow model, PwC benchmarked the operations of similar facilities, including facilities in St. Catharines and Thorold, to identify a range of estimates for Facility use, revenue and operating expenditures.
- As noted previously, PwC again assumed that operating revenue from arena programming would only be derived from ice rentals; revenues received by operating leagues have not been included and are presumed to provide additional income should a third party operator be retained.

## **Operating Revenue**

### **Utilization**

- Facility utilization is assumed to occur as outlined above.

### **Facility Rental Rates**

- Facility rental rates are assumed as outlined above.

### **Concessions / Vending Revenue**

- For the purpose of this assessment, it has been assumed that total net revenue from concessions, vending and dining could approximate \$75,000 per year, with such revenue being generated by the Facility self-operating the concessions.
- Brock University has expressed a desire to operate the Facility's concessions / food and beverage operations; a business case should be prepared by Brock illustrating the level of gross and net revenue projected to be generated, and the base rent and additional rent that would be paid to the Facility from such an arrangement (for example, from a lease / concession to Brock).

## **Facility Sponsorships and Advertising**

- It has been assumed revenues from the sale of advertising (on scoreboards, the ice resurfacers, on the rink dashboards, on the ice surfaces, and within the interior spaces of the building), and from sponsorships (including naming rights of certain Project components, product exclusivities, etc.) could amount to some \$40,000 to \$45,000 per year.
- Major sponsorships (such as naming rights for the CGP and capital fundraising) have not been included.

## **Parking**

- Revenue from parking has not been assumed

## **Estimated Operating Revenue**

- Based on the foregoing, it is preliminarily estimated that the CGP Project could generate in the range of \$2.199 million in gross income annually, with the majority of this income being derived from ice rentals.
- It should be noted that the ability of the Project to achieve these projected levels of revenue will be dependent upon a number of factors, including:
  - the City of St. Catharines and the City of Thorold each agreeing to close at least one arena facility;
  - local lacrosse organizations agreeing to utilize CGP for its summer programming at the rates noted; and
  - the Facility being able to secure office, medical clinic and sport organization tenants at the rates assumed herein.
- Should these events not occur, there will be risk in the ability of the Project to generate the projected level of revenue.

# Operating Assumptions

## **Operating Revenue (continued)**

- Additional revenue from leagues and events organized by a third-party operator could be expected but have not been assumed in this report.

## **Operating Expenses**

- Operating expenses have again been divided into the following categories for comparison with operating information from other facilities. Expense categories include salaries and benefits, utility costs, building repair and maintenance costs, office and administrative costs (including marketing), facility contract costs, equipment maintenance and repairs costs, insurance, property taxes and capital reserves.

## **Staffing**

- Salaries and benefit costs were benchmarked from comparable facilities (both public and private). Salary and benefits are projected to approximate \$1.310 million annually. Staffing positions assumed include:
  - General Manager (1);
  - Scheduler / Assistant / Marketing (2);
  - Operations Manager (1);
  - Lead Hand (3);
  - Operations Staff (6); and
  - Part-time staff (8 FTE).

## **Utilities**

- Costs for utilities (electricity, natural gas, propane and water) have been estimated to approximate some \$700,000 per year.

## **Building Repairs & Maintenance**

- Building repairs and maintenance include expenditures associated with the day-to-day upkeep of the Facility, including janitorial

expenses, cleaning supplies, minor building repairs, other maintenance, etc. Annual costs associated with such expenditures have been estimated to approximate \$200,000 annually.

## **Office / Administration / Marketing**

- Office, administration and marketing costs include expenditures for advertising, bank charges, office supplies, professional fees, telephone charges, etc. Annual costs associated with such expenditures have been estimated to be in the range of \$75,000 per year.

## **Contracts**

- Contracts relate to third-party service arrangements for building operations, snow removal, etc. Annual costs associated with such expenditures have been estimated to be in the range of \$125,000 per year.

## **Cleaning**

- An allowance has been assumed for a third-party cleaning contract based on discussions with Brock University, the City of St. Catharines, the City of Thorold and the Regional Municipality of Niagara. Based on discussions with a private venue manager, and acknowledging that some staffing duties and building repairs and maintenance expenses include cleaning and janitorial, an allowance of \$200,000 has been assumed.

## **Security**

- Our understanding is that the Facility, given its location on Brock University property, will require on-site security (whether through a direct arrangement with Brock University or through a contracted service). An allowance of \$100,000 has been assumed for security.

# Operating Assumptions

## **Operating Expenses (continued)**

### **Equipment maintenance and rental**

- Equipment maintenance and rental expenditures are associated with the maintenance and repair of major building systems and equipment, including ice resurfacers, engineers fees, and equipment rental costs. Annual costs associated with such expenditures have been estimated to be in the range of \$100,000 per year.

### **Insurance**

- Insurance costs have been estimated to be in the range of \$100,000 per year.

### **Property Taxes**

- The obligation of the Facility to pay property taxes will ultimately be dependent upon the ownership of the Facility. For the purposes of this assessment, it is assumed that the Facility will be exempt from the payment of municipal property taxes, including the education portion of property taxes.
- Leased office space is assumed to be separately assessed, with the tenants of such space responsible for the payment of property taxes.

### **Grounds Maintenance**

- Given the Project sits on a large site area, an additional allowance of \$75,000 is assumed for grounds maintenance.

### **Capital Reserves**

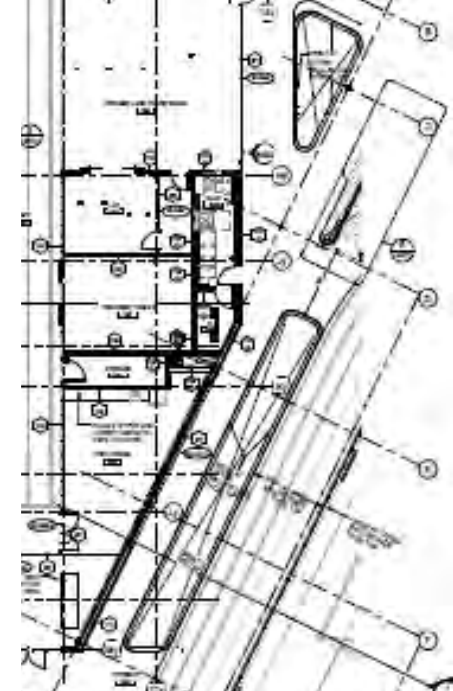
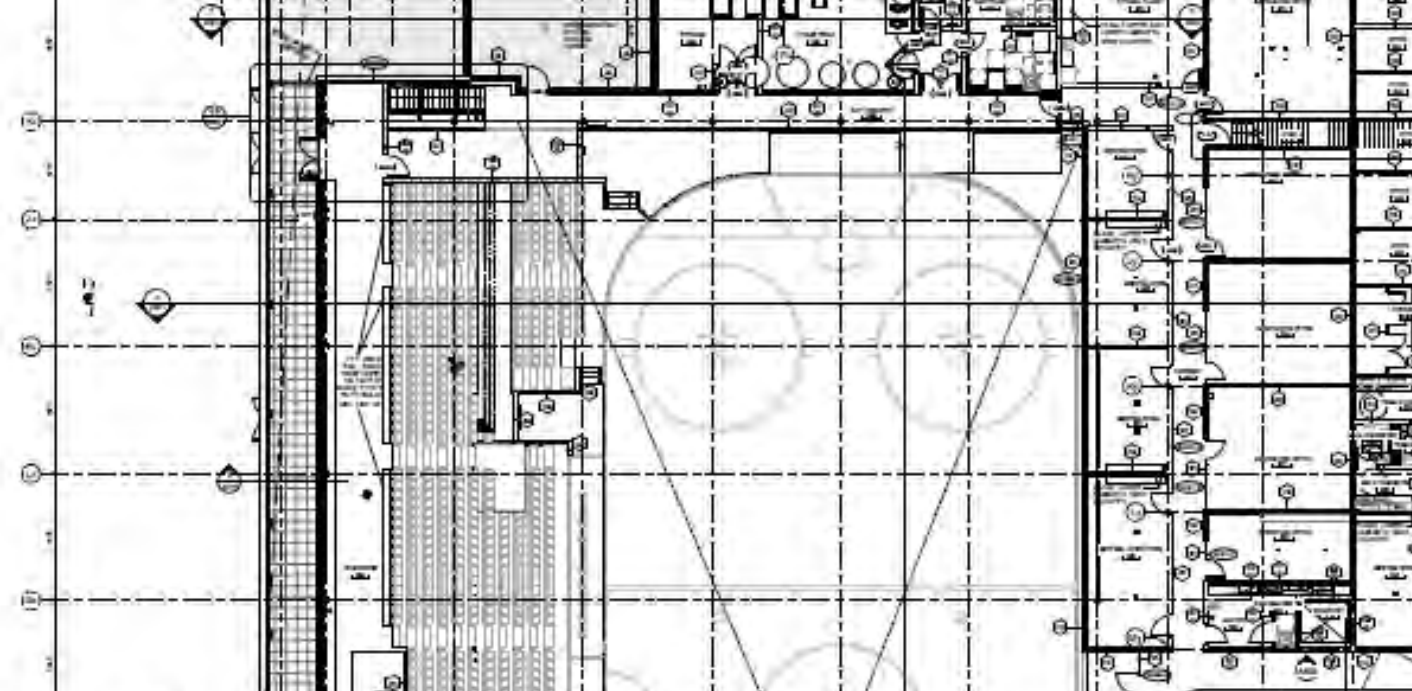
- A Capital Reserve allowance, representing a specific reserve account set up to fund future capital improvements or repairs, has been estimated using practices adopted in other arena facilities, and is based on a yearly allocation based on the hard capital cost of the building. A capital reserve allowance of \$1.125 million (based on 1.5% of the estimated hard costs only of the Project, estimated to be in the range of \$75.0 million) has been assumed.

### **Facility Management Fee**

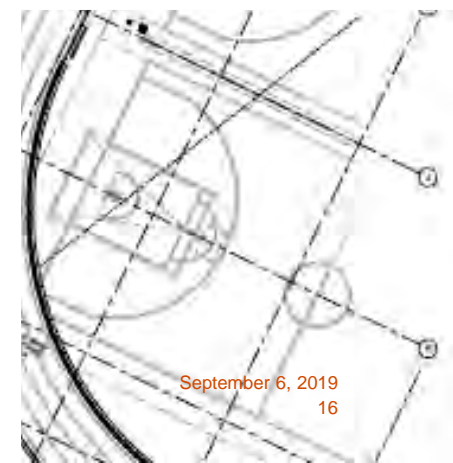
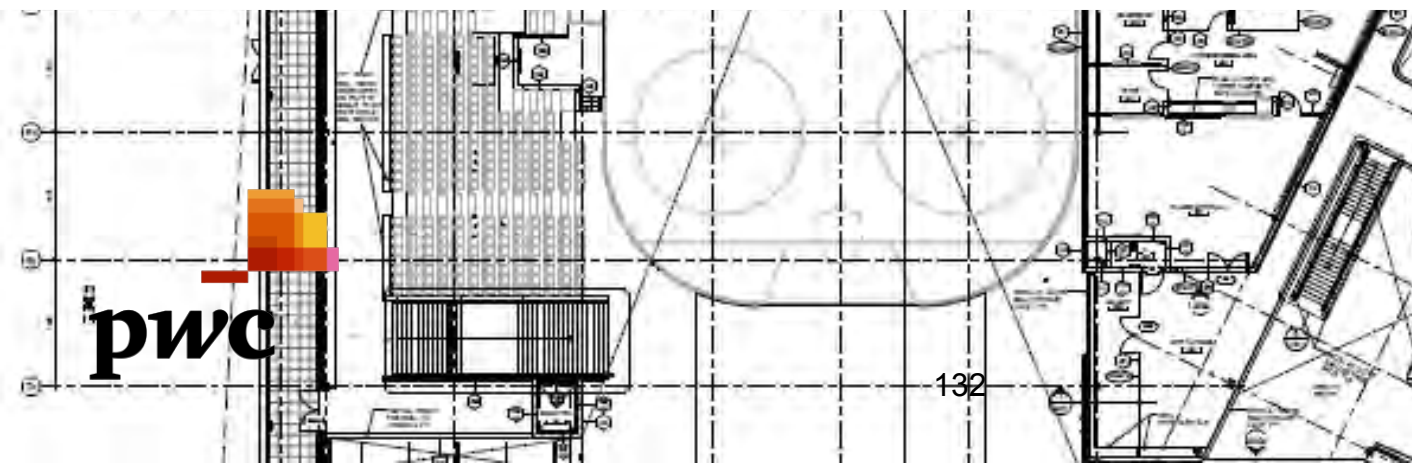
- Finally, a Management Fee, in the range of \$125,000 annually has again been assumed. This management fee represents a fee paid to a professional facility / venue management organization / company who would then be responsible for the day-to-day management, operations, programming and marketing of Facility. For greater clarity, this cost represents the fee paid to a third party management company for access to its company-wide resources, knowledge and industry-specific insights, best practices and contacts (it excludes direct salary and benefits, marketing and other costs which are direct operating charges to the Facility and have been estimated above). We understand that a decision to utilize third party management has not been made.

### **Estimated Operating Expenses**

- Based on the foregoing, it is preliminarily estimated that the CGP Project could incur operating expenses in the range of \$4.208 million on an annual basis (\$2.958 million excluding management fees and capital reserves).



Updated Preliminary Estimated Cash Flows



September 6, 2019  
16

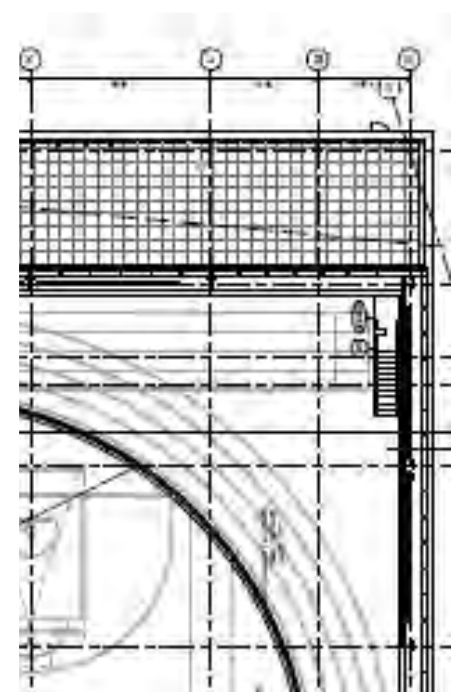
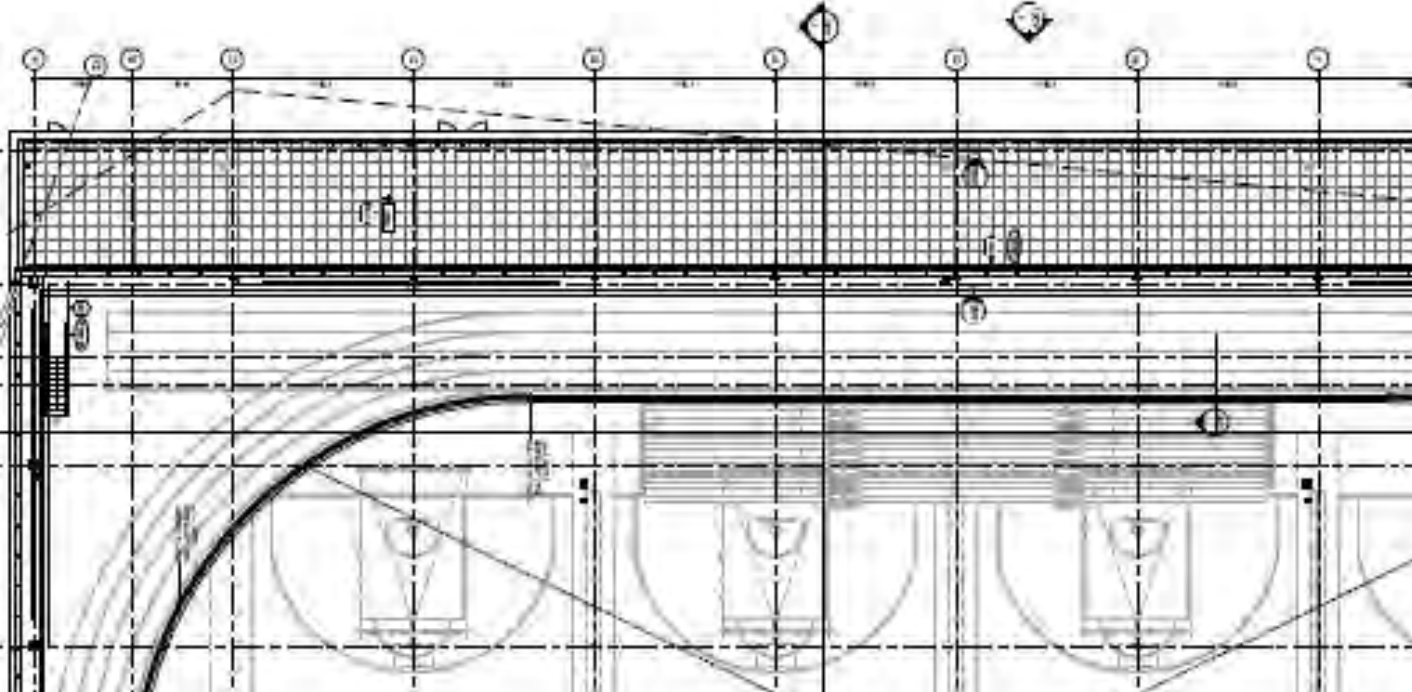
# Updated Preliminarily Estimated Cash Flow

## Net Facility Operations

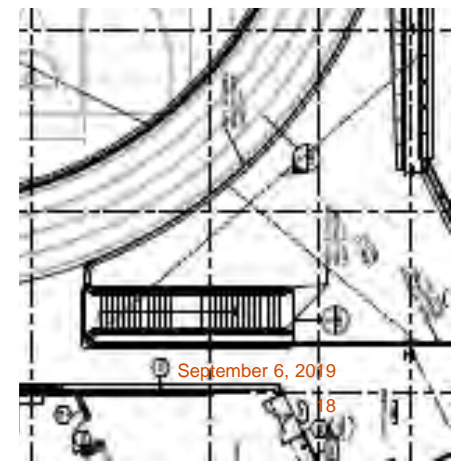
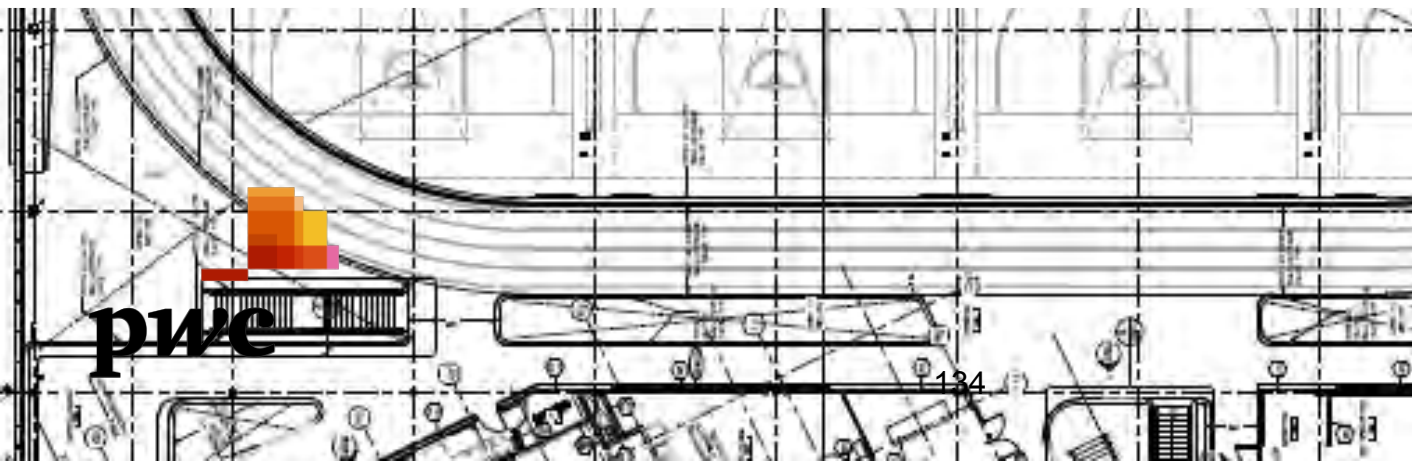
- Based on the above presented estimates of Facility utilization, Facility rental rates, and other revenue assumptions, combined with the above presented discussion of Facility operating costs, it is preliminarily estimated that the operations of the CGP Project could generate total revenue from operations in the range of \$2.199 million in Year 1 and incur operating expenses, prior to management fees and capital reserves, in the range of \$2.958 million, yielding an operating deficit in Year 1 in the range of \$759,800.
- Including the optional venue management fees of \$125,000 and capital reserves of some \$1.125 million, the net operating position of the Project is estimated to be a deficit of \$2.010 million in Year 1.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>FACILITY REVENUE</b>					
Revenue from Arenas	\$ 1,127,900	\$ 1,156,100	\$ 1,185,000	\$ 1,214,600	\$ 1,245,000
Revenue from Gymnasium - Brock University	98,800	101,300	103,800	106,400	109,100
Revenue from Gymnasium - Other Rentals	227,000	232,700	238,500	244,500	250,600
Revenue from Track	15,000	15,400	15,800	16,200	16,600
Revenue from Beach Volleyball	6,000	6,200	6,400	6,600	6,800
CSIO, Office Rental (base rent)	167,800	167,800	167,800	167,800	167,800
Brock Centre for Health & Well-Being (base rent)	115,400	115,400	115,400	115,400	115,400
Operating cost recoveries	323,200	332,600	342,300	352,400	362,800
Other Revenue	117,400	120,400	123,400	126,500	129,600
<b>Total Revenue</b>	<b>\$ 2,198,500</b>	<b>\$ 2,247,900</b>	<b>\$ 2,298,400</b>	<b>\$ 2,350,400</b>	<b>\$ 2,403,700</b>
<b>FACILITY EXPENSES</b>					
Salaries & Benefits	\$ 1,308,300	\$ 1,341,000	\$ 1,374,500	\$ 1,408,900	\$ 1,444,100
Hydro / Water / Natural Gas	700,000	735,000	771,800	810,400	850,900
Building Repairs & Maintenance	200,000	205,000	210,100	215,400	220,800
Office / Administration / Marketing	75,000	76,900	78,800	80,800	82,800
Contracts (snow, landscaping, janitorial, etc.)	125,000	128,100	131,300	134,600	138,000
Cleaning	200,000	205,000	210,100	215,400	220,800
Security	100,000	102,500	105,100	107,700	110,400
Equipment Maintenance & Rental	75,000	76,900	78,800	80,800	82,800
Insurance	100,000	102,500	105,100	107,700	110,400
Grounds Maintenance	75,000	76,900	78,800	80,800	82,800
<b>Total Expenses</b>	<b>\$ 2,958,300</b>	<b>\$ 3,049,800</b>	<b>\$ 3,144,400</b>	<b>\$ 3,242,500</b>	<b>\$ 3,343,800</b>
<b>Net Cash Flow</b>	<b>\$ (759,800)</b>	<b>\$ (801,900)</b>	<b>\$ (846,000)</b>	<b>\$ (892,100)</b>	<b>\$ (940,100)</b>
Management Fee (if a third party manager is retained)	125,000	128,100	131,300	134,600	138,000
Capital Reserve (if established and maintained)	1,125,000	1,153,100	1,181,900	1,211,400	1,241,700
<b>Net Operating Position</b>	<b>\$ (2,009,800)</b>	<b>\$ (2,083,100)</b>	<b>\$ (2,159,200)</b>	<b>\$ (2,238,100)</b>	<b>\$ (2,319,800)</b>





## General Assumptions and Limiting Conditions



# General Assumptions and Limiting Conditions

1. The use of any Projection made in conjunction with this Report may not be appropriate for use outside of its intended purpose. The Projection, which will not reflect actual development, economic, demographic and / or financial results, may reflect a possible scenario for the operations of the planned Canada Games Park in Thorold / St. Catharines, Ontario, during the Projection Period, given PwC's judgment as to a probable set of economic conditions, together with the hypotheses which are consistent with the purpose of the Projections. Scenarios produced in conjunction with our analysis may contain hypotheses and assumptions which are based on a set of economic conditions or anticipated courses of action that are not unreasonable, are consistent with the purpose of the projections, but which will not materialize as set out therein. The hypotheses represent plausible circumstances, but need not be, and may not have been fully supported.  
  
Since future events are not subject to precise projections, some assumptions will not materialize in the exact form presented by our analysis. In addition, other unanticipated events and circumstances may occur which could influence the future performance of the Facility. Therefore, the level of growth which will occur in the future will vary from the analysis of prospective market and economic conditions set out therein. While there is no recourse to predicting these matters with certainty apart from informed and reasoned judgments, it must be stated that future events will lead to variations in performance which may materially alter the success and performance of the Facility. PwC does not warrant that actual results achieved during the Projection Period will be the same, in whole or in part, as those shown in the Projection. The Projection is based on hypotheses and there is a significant risk that actual results will vary, perhaps materially, from the results projected.
2. Responsible ownership and competent property management are assumed.
3. Information furnished by others upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
4. Our report and work product cannot be included, or referred to, in any prospectus, securities and exchange commission filing or other public investment document.
5. The intended use of this report is as a preliminary financial and operational assessment of the Canada Games Park to inform the 2021 Canada Games Host Society and the City of St. Catharines on the potential development and operation of Canada Games Park.
6. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the estimates provided in this report are based.
7. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. The site upon which the Canada Games Park is to be built and operated is assumed to be free and clear of liens, easements, encroachments and other encumbrances unless otherwise stated.
8. Full compliance with all applicable federal, provincial and local zoning, use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.

# General Assumptions and Limiting Conditions

9. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the effective date of this report.
10. Any financial structure within this report is predicated on the market conditions prevailing as of the date of this report.
11. Areas and dimensions of any property referenced in this report were obtained from sources believed to be reliable. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property / site and no responsibility is assumed for their accuracy. No independent surveys were conducted.
12. It is assumed that there are no hidden or unapparent conditions of the site, subsoil, or structures that affect value. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
13. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
14. Neither PwC any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements thereof have been made.
15. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including without limitation any conclusions as to value, the identity of PwC or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of PwC.
16. We have not been engaged nor are qualified to detect the existence of hazardous material which may or may not be present on or near the property. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, industrial wastes, etc. may affect the value of the property. The estimates presented herein are predicated on the assumption that there is no such material on, in, or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field if further information is desired.



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# Canada Games Park

## Guiding Principles Governing a Partnership Agreement between Brock University, the City of St. Catharines, the City of Thorold and the Regional Municipality of Niagara

### *Partners*

Partners **Brock University (“Brock”), the City of St. Catharines (“St. Catharines”), the City of Thorold (“Thorold”) and the Regional Municipality of Niagara (“Niagara”)**

Partner Interest Each Partner holds a 25% interest in the ownership of the Facility / **Canada Games Park (“CGP”)**

In the event of amalgamation of any of the existing municipal partners, the municipal partners ownership shall transfer to the amalgamated entity. **Brock’s ownership stake is capped at 25%.**

In the event of amalgamation, the usage of the Facility by the former municipal partner and its user groups shall be protected for five years.

### *Governance*

Board Composition Equal representation by each of Brock, Thorold, St. Catharines and Niagara (three representatives each)

Board Chair Board Chair elected for two-year term (by Board Members)  
Board Chair rotates between partners (for example, Brock in Years 1 and 2, St. Catharines in Years 3 and 4, Thorold in Years 5 and 6 and Niagara in Years 7 and 8, etc.)  
Board Chair must have served on the Board for a minimum of two years in order to be eligible for appointment as Board Chair (with the exception of the inaugural Board Chair)

Board Responsibilities **Board oversees and approves the Facility’s annual operating budget and operating plan**  
**Sets the annual rental rates for the Facility’s components (ice, gymnasium, track, field, etc.)**  
An Independent Operator will be retained to staff, operate, manage, market and program available time within the Facility. The Independent Operator will report to and will be responsible to the Board

### *Operations*

Operator Responsibilities The duties of the Independent Operators will include some or all of the following (to be ultimately confirmed and approved by the Board):

- Annually prepare a Facility Operating Plan and Operating Budget for the approval of the Board;
- Report directly to the Board;
- Allocate time amongst the Partners as described below;
- Market, secure and manage Facility rentals / utilization outside of the time allocations to Facility Partners described below;
- Enter into contracts, agreements, leases, sub-leases, rentals, licenses or concessions for Facility;
- **Hire, in its own name (as an expense to the Facility's operations) and** train, supervise, discipline and dismiss as may be necessary from time to time, persons required for the proper operation and management of the Facility;
- Maintain proper payroll records with respect to persons engaged to work at or in the Facility;
- Manage, direct and supervise persons for the operation and maintenance of heating, air conditioning and other equipment which is required to operate and maintain the Facility;
- Specify duties and arrange, schedule and direct the activities of personnel and persons employed to work at the Facility;
- Arrange for the supply of electricity, natural gas, fuel, material, water, sewer, waste removal, telephone, cable, equipment, cleaning, snow removal, landscaping and other services required for the proper operation of the Facility;
- Arrange for insurance coverage, including policies for fire and other perils, rental income, business interruption, plate glass, public liability, fidelity, money loss, boiler and machinery, and other insurance;
- Arrange for the supply of materials, goods, equipment, technology or services, as may be required to implement the approved Operating Plan and Operating Budget;
- Prepare and implement a Capital Budget;
- Operate, repair and maintain the Facility, its equipment, apparatus, FF&E, and other Facility property;
- Generally do and perform those things necessary for the proper and efficient management of the Facility;
- Maintain bank accounts and ensure the prompt payment of Facility expenses; and
- Maintain detailed financial records and annually prepare audited financial statements for the approval of the Board.

**The Independent Operator will serve as a “facilitator” settling disputes** between the Partners (relating primarily to facility utilization)

#### Financial Responsibility

Year-end financial responsibilities / benefits related to the annual operating budget will be shared equally among St. Catharines, Thorold, and Brock (33% each) and shall be directed to the Capital Reserve Fund of the facility.

Financial responsibilities related to the capital reserve budget will be shared equally amongst the Partners (25% each)

Failure by any Partner to pay their portion of Financial Responsibility shall be subject to an appropriate penalty to be determined by the Board.

*Annual allocation of time  
Arenas*

**First to Brock for Varsity Men's and Women's hockey (five hour blocks a maximum of two times per week per team – typically during Prime-Time) and for Varsity Figure Skating and Ringette (Prime Time and Non-Prime Time)**

Second to St. Catharines and Thorold on an equal basis for all remaining Prime Time ice time

Third to Brock University for Varsity hockey team practices (generally weekdays during Non-Prime Time) and for intramural hockey (Sundays through Thursdays from 11pm)

Remaining ice times (principally Non-Prime Time during the Winter Season and Non-Prime Time and Prime Time during the Summer Season) are the responsibility of the Independent Operator to program / sell available time

Brock agrees that its Varsity Ringette and Figure Skating teams will not require more than 4.5 hours of Prime Time ice time per week (with some of its requirements occurring during Non-Prime Time hours)

*Annual Allocation*

The Parties agree that the above allocation of ice time will comprise a fixed annual allocation and will remain in effect regardless of future changes in circumstances (i.e., Brock will be allocated and will pay for a set number of Prime Time and Non-Prime Time hours for its Varsity Hockey teams; similarly, St. Catharines and Thorold will be allocated the remaining Prime Time hours regardless of future changes in demand)

*Financial Responsibility*

The Parties will annually pay to the Facility an amount equal to their allocation times the then rental rate charged by the Facility (per the June 2019 PwC report, this amount is \$200 (plus HST) per hour for Prime Time and \$140 (plus HST) per hour for Non-Prime Time). If Brock, St. Catharines, or Thorold are not able to use to assign any portion of their ice allocation to users, Brock, St. Catharines, or Thorold would still be required to pay the Facility for their entire allocation

*Bumping Rights*

Should Brock Varsity Teams (hockey, figure skating, ringette) qualify for **playoffs, the Party's agree that Brock will have "bumping rights" in the** scheduling and hosting of playoff games. Should bumping occur for Brock Playoff games, the cost of such ice would transfer from St. Catharines / Thorold to Brock

The Parties also agree to relinquish any portion of their annual ice **allocation required to accommodate "Major Events" that may be** attracted and programmed into the Facility from time to time (such **"major events" would comprise major regional, provincial, national and** international events requiring the use of the ice surfaces, the gymnasium or other Facility components). The attraction and scheduling of such major events would typically occur well in advance of the annual ice allocation

	and for allocation purposes, would take precedence. The Parties would <b>not be “charged” for ice time relinquished for Major Events.</b>
<i>Assignment</i>	Each of St. Catharines and Thorold are permitted to assign all or portions of their annual ice allocation to community user groups (for example, minor hockey, figure skating, ringette, sledge hockey, etc.). St. Catharines and Thorold would be permitted to charge a lower hourly rate
Annual allocation of time <i>Gymnasium</i>	First to Brock for weekday use (7:00 am to 6:00 pm,) for three gyms during the academic year (September through April)  Second to Brock for weekday use (7:00 am to 6:00 pm) during summer season for three gyms for the staging of summer camps
<i>Exclusivity</i>	The Parties agree that Brock would have the exclusive license to offer <b>camps within the Facility’s gymnasiums.</b>
<i>Bumping Rights</i>	The Parties also agree to relinquish any portion of their annual allocation <b>required to accommodate “Major Events” that may be attracted and programmed into the Facility from time to time (such “major events”</b> would comprise major regional, provincial, national and international events requiring the use of the ice surfaces, the gymnasia or other Facility components). The attraction and scheduling of such major events would typically occur well in advance of the annual gymnasium allocation and for allocation purposes, would take precedence. The Parties would not be <b>“charged”</b> for gymnasium time relinquished for Major Events.
<i>Financial Responsibility</i>	The Parties will annually pay to the Facility an amount equal to their allocation times the then rental rate charged by the Facility (per the June 2019 PwC report, this amount is \$125 (plus HST) per hour for Prime Time and \$75 (plus HST) per hour for Non-Prime Time). If Brock, St. Catharines, Thorold or Niagara are not able to use to assign any portion of their gymnasium allocation to users, Brock, St. Catharines, Thorold and Niagara would still be required to pay the Facility for their entire allocation
<i>Bumping Rights</i>	<b>Should Brock users of the gymnasium qualify for playoffs, the Party’s agree that Brock will have “bumping rights” in the scheduling and hosting of playoff games. Should bumping occur for Brock Playoff games, the cost of such “bumped” use would transfer from St. Catharines / Thorold to Brock.</b>  The Parties also agree to relinquish the portion of their annual <b>gymnasium allocation needed to accommodate “Major Events” that may be attracted and programmed into the Facility from time to time (such “major events” would comprise major regional, provincial, national and international events requiring the use of the gymnasia).</b> The attraction and scheduling of such major events would typically occur well in advance of the gymnasium time allocation. The Parties would not be <b>“charged” for gymnasium time relinquished for Major Events.</b>
<i>Assignment</i>	Each of St. Catharines and Thorold are permitted to assign all or portions of their annual gymnasium time allocation to community user groups.

St. Catharines and Thorold would be permitted to charge a lower hourly rate, however should St. Catharines or Thorold charge a higher hourly rate than charged by the Facility to St. Catharines or Thorold, St. Catharines or Thorold would then pay the Facility the higher of the rate charged to users or the rate charged by the Facility to St. Catharines and Thorold

THE REGIONAL MUNICIPALITY OF NIAGARA

BY-LAW NO. <>

A BY-LAW TO AUTHORIZE LONG-TERM FINANCING  
(1-10 YEARS) IN THE AMOUNT OF \$6,350,000;  
NIAGARA REGION CAPITAL PROJECTS

---

WHEREAS Section 408, *Municipal Act, 2001*, S.O. 2001, c.25. as amended, authorizes Regional Council to approve long term borrowing by the issue of debentures on the credit of the Regional Corporation, and

WHEREAS funding has been approved for capital projects included in the 2018 Capital Budget that was adopted by the Council of the Regional Municipality of Niagara on October 12, 2017, as shown on the Treasurer's Report attached to this by-law (Appendix I).

NOW THEREFORE the Council of The Regional Municipality of Niagara enacts as follows:

1. That long-term financing (1-10 Years) in the amount of \$6,350,000 be approved for the projects as shown on the Treasurer's Report attached to this by-law (Appendix I);
2. That the Treasurer be authorized to execute the Treasurer's Report attached to this By-law as Appendix I; and
3. That this by-law shall come into force and effect on the day upon which it is passed.

THE REGIONAL MUNICIPALITY OF NIAGARA

---

James Bradley, Regional Chair

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Ann-Marie Norio, Regional Clerk

Passed: <>

## Appendix I – Treasurer's Report:

<b>TREASURER'S REPORT</b>			
<b><u>PROJECT IDENTIFICATION AND FINANCING INFORMATION</u></b>			
<b>Project ID</b>	<b>Description</b>	<b>Long-term Financing</b>	<b>Term (min-max)</b>
J_20000751	Canada Summer Games	\$ 6,350,000	1 - 10
	<b>TOTAL</b>	<b>\$ 3,000,000</b>	

<p align="center"><b><u>TREASURER'S VERIFICATION REPORT</u></b>  <b>(REQUIRED ONLY ON PROJECTS INVOLVING DEBENTURE FINANCING)</b>  This confirms that I have checked the "Debt Repayment Limit" for Regional Niagara and passage of the by-law to approve these projects will not cause the Region to exceed its limit.</p>
<p><b>DATE</b> _____</p> <p><b>SIGNATURE</b> _____</p>



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## MEMORANDUM

CAO 12-2020

**Subject:** Update on Open Niagara – Niagara Region’s Recovery Plan  
**Date:** June 4, 2020  
**To:** Regional Council  
**From:** Ron Tripp, Acting CAO

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### Introduction:

The purpose of this memo is to seek Council’s feedback on the initiation of *Open Niagara*, Niagara Region’s COVID-19 pandemic Recovery Plan. The preparation of a recovery plan is a requirement of the Regional EOC.

### Discussion:

Niagara Region is initiating a plan to prepare for the eventual recovery and re-opening of Niagara. *Open Niagara* will be Niagara Region’s Recovery Plan.

*Open Niagara* will be focused on the overall goal of continuing to protect the health and safety of Niagara residents and Regional staff and to limit the spread of COVID-19. The Plan is designed to ensure a holistic, coordinated and phased strategy to re-opening Regional facilities, to guarantee the delivery of essential community and public health services and support the re-opening of the economy.

In the development of *Open Niagara* staff have reviewed the progress and recovery plans of other Ontario municipalities as well as the Province to ensure consistency.

When completed, *Open Niagara* will have two components: an internal *Organizational Plan* and an external *Economic Recovery Plan*. The two components are being developed in tandem and are linked together. The Economic Recovery Plan is led by the Economic Rapid Response Team (a collaboration of all the economic development offices in Niagara) and in consultation with local stakeholders.

The Organizational Plan will outline guidelines to ensure a coordinated approach between all Regional departments and levels of governments is achieved in order to

ensure timely communication, decisions and actions to protect the safety and wellbeing of Niagara residents and Regional staff who deliver Regional services.

Attached to this memo are a series of sections of *Open Niagara* for Council's review. These sections will provide the guidance and direction to Regional departments in the development of specific recovery actions.

### **Re-opening Framework:**

*Open Niagara* will follow the same phased approach as the Provincial framework and will take guidance from the Province as we enter into each of the three pandemic recovery stages. However, it will also take advice from our Medical Officer of Health in Niagara. Depending on our circumstances, this could result in the Region moving through the phases of reopening at a different speed to the Province.

### **Guiding Principles:**

Niagara Region's schedule to responsibly lift public health measures and restart the economy will be guided by the advice of the Province of Ontario and the Chief Medical Officer of Health and regional public health officials. It will be based on fundamental guiding principles that must be applied consistently throughout the recovery process.

### **Recovery Phases:**

*Open Niagara* will be aligned with the Province of Ontario's framework and have three overarching phases. Through each phase, the health and safety of Niagara residents and Regional staff will be the primary focus, continuing to balance the needs of the community, Regional Council and Regional business.

### **Service Availability by Phase:**

Niagara Region delivers a wide range of services to the community. During the COVID-19 emergency, some of these services have continued, and some have continued on a modified basis; while others were postponed or cancelled due to resourcing or other health and safety related concerns. As we move through each phase the availability and method of Regional service delivery may change.

This section will provide guidance to Regional departments on how to categorize potential service changes.

It is anticipated that Niagara Region will complete the *Open Niagara* plan in the coming weeks and will report back to Council accordingly. In the meantime, Niagara Region continues to adapt to the COVID-19 pandemic in order to provide essential services to the Niagara community.

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Ron Tripp, Acting CAO

## **OPEN NIAGARA**

*Open Niagara* is Niagara Region's Recovery Plan in response to the COVID-19 pandemic.

*Open Niagara* is focused on the overall goal of continuing to protect the health and safety of Niagara residents and Regional staff and to limit the spread of COVID-19. It is designed to ensure a holistic, coordinated and phased strategy to re-opening Regional facilities, to guarantee the delivery of essential community and public health services and support the re-opening of the economy.

*Open Niagara* has two components: the internal *Organizational Plan* and the external *Economic Recovery Plan*. The two plans are being developed in tandem and are linked together. The Economic Recovery Plan is led by the Economic Rapid Response Team (a collaboration of all the economic development offices in Niagara) and in consultation with local stakeholders.

The Organizational Plan outline guidelines to ensure a coordinated approach between all Regional departments and levels of governments is achieved in order to ensure timely communication, decisions and actions to protect the safety and wellbeing of Niagara residents and Regional staff who deliver Regional services.

Since the COVID-19 pandemic started Niagara Region has taken measures to adapt to the new circumstances and continue to provide essential services. Work has continued, albeit in some cases, in a different way and a focus will be placed on the innovative practices and lessons learned which where appropriate will be incorporated into the Plan going forward.

## **Re-opening Framework**

### **Alignment with the Province of Ontario's Re-opening Framework**

*Open Niagara* will be implemented in alignment with the Ontario Government's framework to re-open the Province. [Reopening Ontario after COVID-19](#)

*Open Niagara* follows the same phased approach as the Provincial framework and will

take guidance from the Province as we enter into each of the three pandemic recovery stages. However, it will also take advice from our Medical Officer of Health in Niagara. Depending on our circumstances, this could result in the Region moving through the phases of reopening at a different speed to the Province.

### ***Open Niagara is adaptable***

The current situation in response to COVID-19 is constantly changing as the circumstances of the pandemic evolve. It is also affected by regular announcements from both the Provincial and Federal governments. *Open Niagara* will be continually revised to ensure it is reflecting the latest information.

## **GUIDING PRINCIPLES**

Niagara Region's schedule to responsibly lift public health measures and restart the economy will be guided by the advice of the Province of Ontario and the Chief Medical Officer of Health and regional public health officials. It will be based on fundamental guiding principles which must be applied consistently throughout the recovery process:

### **1. Protection of Public Health**

We will ensure the health of Niagara residents and Regional staff continues to be our highest priority. We will provide opportunities to maintain safe physical distance from others and follow good public health and occupational safety practices while reopening Regional facilities and restarting programs and services. We will consider the health, economic and social effects on residents when determining the most suitable means to deliver services. We will work to ensure that emergency response, emergency management and other critical services remain able to address the challenges posed by COVID-19 and any other emergencies that may occur during this time.

### **2. Service to the Vulnerable Sector**

We will continue providing support and services to support the most vulnerable residents in our community, and the staff who serve them. We will ensure that we consider equity, inclusion and diversity when considering our recovery.

### **3. Adaptation of Regional Facilities and Assets**

We will consider a consistent approach in modifying or adapting facilities and assets in order to support Regional business and operations.

**4. Community Priorities**

We will consider the services that are most valued by the community.

**5. Economic Recovery**

We will develop an Economic Recovery Plan to support the re-opening of the economy and our local businesses.

We will prioritize those services, programs and activities that support the ongoing economic recovery of the community and generate revenue for the Region.

**6. Health, Well-Being and Productivity**

We will take a consistent approach in considering the health, well-being and productivity of employees when determining the most suitable location for them to do their best work.

**7. Legal or Regulatory Requirements**

We will consider whether a Regional service or activity supports a legal or regulatory obligation of the Region.

**8. Resource Availability**

We will consider the availability of resources such as staff, physical and financial resources, personal protective equipment and others.

**9. Federal and Provincial Requirements**

Niagara Region will follow the direction and requirements of the Federal and Provincial governments in the development and implementation of our recovery plans.

**10. Business Efficiencies and Cost Considerations**

We will consider the continuation of any new operational efficiencies or cost savings being realized. This includes consideration of any implementation of new innovation strategies.

## **OPEN NIAGARA PHASED RECOVERY**

*Open Niagara* is aligned with the Province of Ontario's framework and includes three overarching phases [Province of Ontario's Reopening Framework](#).

Through each phase, the health and safety of Niagara residents and Regional staff will be the primary focus, continuing to balance the needs of the community, Regional Council and Regional business.

The Region will follow the lead of the Province of Ontario and take direction from the provincial Chief Medical Officer of Health, our local Medical Officer of Health and other public health officials. Advice from these professionals will determine the speed that we proceed through the phases of re-opening and will help to determine if health and safety measures need to be adjusted at any time. No dates are referenced for any of the phases. **We will continue to utilize Corporate approved Business Continuity Plans (BCPs) as we continue our response to the pandemic and move through recovery phases.**

Everyday actions to protect the health of residents and Regional staff – like physical distancing, frequent hand washing and staying home if you are sick – will continue through each phase.

### **Phase One – The Early Stages (Current Stage)**

Phase One of Niagara's Recovery Plan is focused on delivering the highest priority Regional services in accordance with BCPs.

- All Regional facilities and offices remain closed to the public
- Limited staff in the workplace delivering high-priority services
- Limited staff in the workplace working alone or in small groups outdoors
- Many staff continue to work from home
- Staff who were redeployed to support COVID-19 emergency response efforts will continue in their temporary positions
- Restrictions on the number of people gathering to follow Provincial Orders
- Active or self-screening at all Regional facilities

## **Phase Two – Gradual Recovery**

Phase Two is focused on safely expanding Regional services available to residents and physically returning more staff to work in accordance with BCPs

- Some Regional facilities and offices re-open to the public with measures to enable physical distancing and health screening upon entry
- Where required, staff will return to the workplace under enhanced health and safety guidelines with strict adherence to physical distancing, health screening upon entry, and restrictions on gatherings
- Many staff continue to work from home
- Staff who were redeployed to support COVID-19 emergency response efforts will continue in their temporary positions
- Restrictions on the number of people gathering to follow Provincial Orders
- Many Regional services are available both online and in person with enhanced health and safety measures in place for staff and residents accessing services at municipal facilities.

## **Phase Three – Our New Reality**

Phase Three is our new reality. It is focused on continuing to deliver Regional services, in accordance with BCPs, in a safe and responsible manner while the risk of COVID-19 infection remains in our community. Phase Three will be lengthy. It will continue until a COVID-19 vaccine or other treatments are available and are in widespread use.

- Most Regional facilities and offices re-open to the public with measures to enable physical distancing and health screening upon entry
- More staff may return to the workplace under enhanced health and safety guidelines
- Many staff continue to work from home
- Staff who were redeployed to support COVID-19 emergency response efforts may continue in their temporary positions
- Relaxed restrictions on the number of people gathering to follow the Provincial Orders
- Many Regional services are available both online and in person with health and safety measures in place for staff and residents accessing services at Regional facilities

If required, Niagara Region is prepared to implement more stringent public health measures or move backwards in the phased approach in order to keep residents and staff safe. Some elements may move between phases faster than others based on advice from public health officials and the situation in Niagara.



## Service Availability by Phase

Niagara Region delivers a wide range of services to the community. During the COVID-19 emergency, some of these services have continued, and some have continued on a modified basis. Some services were postponed or cancelled due to resourcing or other health and safety related concerns. Each Regional service is categorized under one of the following categories:

### **PROCEEDING – NO CHANGE:**

Regional service is proceeding with no changes for residents or staff as a result of the COVID-19 emergency. Services under this category are proceeding as they did prior to the COVID-19 emergency.

### **PROCEEDING – NEW MODEL:**

Regional service is proceeding with no changes for residents, but the Region is delivering the service in a different way as a result of the COVID-19 emergency. Services under this category are continuing, but staff may be working from home or doing their work in a different way, in accordance with enhanced health and safety guidelines.

### **MODIFIED:**

Delivery of this Regional service has been modified as a result of the COVID-19 emergency. Niagara Region is continuing to deliver some parts of this service, but residents may notice a changes to service levels or the way a service is delivered.

**CANCELLED:** This Regional service has been cancelled as a result of the COVID-19 emergency.

Where restart of a Regional service is completely dependent on an action from the Province of Ontario, this is noted as well.

The Region has used a risk-based approach to guide the decisions on the safe re-opening of Regional facilities and the restart of Regional services and programs. Each service was assessed individually to determine the type of interaction required to deliver it, and potential modifications that could be made to make the service safer.

THE REGIONAL MUNICIPALITY OF NIAGARA

BY-LAW NO. <>

A BY-LAW TO ADOPT, RATIFY AND CONFIRM THE ACTIONS OF  
REGIONAL COUNCIL AT ITS SPECIAL MEETING  
HELD JUNE 4, 2020

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WHEREAS subsection 5 (3) of the Municipal Act, S.O. 2001, Ch. 25, as amended, provides that, except if otherwise authorized, the powers of Regional Council shall be exercised by by-law; and,

WHEREAS it is deemed desirable and expedient that the actions of Regional Council as herein set forth be adopted, ratified and confirmed by by-law.

NOW THEREFORE the Council of The Regional Municipality of Niagara enacts as follows:

1. That the actions of the Regional Council at its special meeting held June 4, 2020, including all resolutions or motions approved, are hereby adopted, ratified and confirmed as if they were expressly embodied in this by-law.
2. That the above-mentioned actions shall not include:
  - a) Any actions required by law to be taken by resolution; or
  - b) Any actions for which prior Local Planning Appeal Tribunal approval is required, until such approval is obtained.
3. That the Chair and proper officials of The Regional Municipality of Niagara are hereby authorized and directed to do all things necessary to give effect to the above-mentioned actions and to obtain approvals where required.
4. That unless otherwise provided, the Chair and Clerk are hereby authorized and directed to execute and the Clerk to affix the seal of The Regional Municipality of Niagara to all documents necessary to give effect to the above-mentioned actions.
5. That this by-law shall come into force and effect on the day upon which it is passed.

THE REGIONAL MUNICIPALITY OF NIAGARA

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James Bradley, Regional Chair

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Ann-Marie Norio, Regional Clerk

Passed: <date>