
Subject: Canada Summer Games Final Bid Submission

Report to: Corporate Services Committee

Meeting date: January 11, 2017

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
Option A		
Capital budget of \$3 million	Debenture	\$334,000 per year for 10 years starting in 2017
		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	Capital Levy Reserve
		Insufficient funds in this reserve; not recommended
		Taxpayer Relief Reserve
		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.
		Infrastructure Deficit Reduction Fund
		This reserve was initiated in 2017 to address infrastructure funding gap of Regionally owned infrastructure therefore it is not recommended
	Levy	2018 budget increase of \$3 million
		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
		2018 to 2021 budgets of \$750,000 per year.
		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	2018 to 2021 budgets of \$1 million per year
		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.
		Growth assessment
		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
		Re-allocate funds from other programs that will conclude
		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.
Option B (in addition to Option A)		
Legacy funding budget of \$3.35 million	Debenture	\$375,000 per year for 10 years starting in 2017
		Represents a 0.1% levy increase, thus when combined with the capital debenture, equates to an overall 0.5% levy increase.

Table 2

Forecast Opportunities	2018	2019	2020	2021
Growth - 1%	3,350,240	3,450,748	3,554,270	3,660,898
Incremental Upload	2,962,970	-	-	-
Total	6,313,210	3,450,748	3,554,270	3,660,898
Forecast Requirements				
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	-	-
Total incremental requirements	4,992,068	1,128,524	-	-
Amount remaining	1,321,142	2,322,224	3,554,270	3,660,898

Table 3

Previous Program Changes expiring	2018	2019	2020	2021
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
Total	515,829	1,615,829	1,615,829	1,811,005
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

Submitted by:

David Oakes, Director
Economic Development

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 22nd, 2016

SUBJECT: 2021 Canada Games Regional Resolution

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
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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
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% impact on Levy	0.4%	0.4%	0.4%	0.4%
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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
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% impact on Levy	0.0%	0.0%	0.0%	0.0%
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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	\$ -	\$ -	\$ -	\$ -
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% 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>

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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