



City of Hamilton
GENERAL ISSUES COMMITTEE (SPECIAL)
AGENDA

Meeting #: 24-005
Date: March 27, 2024
Time: 9:30 a.m.
Location: Council Chambers (GIC)
Hamilton City Hall
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

1. APPROVAL OF AGENDA

(Added Items, if applicable, will be noted with *)

2. DECLARATIONS OF INTEREST

3. COMMUNICATIONS

4. DELEGATION REQUESTS

5. PUBLIC HEARINGS / DELEGATIONS

6. CONSENT ITEMS

6.1 Ottawa Street Business Improvement Area Changes to Board of Management (PED24050) (Wards 3 and 4)

6.2 Concession Street Business Improvement Area Changes to Board of Management (PED24056) (Ward 7)

6.3 Locke Street Business Improvement Area 2024 Proposed Budget and Schedule of Payments (PED24053) (Ward 1)

7. STAFF PRESENTATIONS

8. DISCUSSION ITEMS

Members of the public can contact the Clerk's Office to acquire the documents considered at this meeting, in an alternate format.

- 8.1 One-Time Funding for Client Management System Migration Alcohol, Drugs & Gambling Services, Mental Health and Street Outreach Program (BOH24004) (City Wide)
- 8.2 Mohawk 4Ice Centre Operating Agreement (HSC24010) (Ward 6)
- 8.3 Approval Authority for the Non-Competitive Procurement of Fire Apparatus (HSC24008) (City Wide)
- 8.4 Report of the 2023 Remuneration and Expenses as Required under Section 284 of the Municipal Act (FCS24019) (City Wide)
- 8.5 Appointment of Administrator of Ontario Works (HSC18001(b)) (City Wide)

9. MOTIONS

10. NOTICES OF MOTION

11. GENERAL INFORMATION / OTHER BUSINESS

12. PRIVATE AND CONFIDENTIAL

- 12.1 Strategic Acquisition of Property in Stoney Creek (PED24054) (Ward 10)

Pursuant to Section 9.3, Sub-section (c) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (c) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to a proposed or pending acquisition or disposition of land by the municipality or local board.

- 12.2 Land Exchange – 1086 West Fifth Street (PED21207(a)) (Ward 8)

Pursuant to Section 9.3, Sub-section (c) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (c) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to a proposed or pending acquisition or disposition of land by the municipality or local board.

- 12.3 Minutes of Settlement, 70 Brant Street, Hamilton (PED18115(a)) (Ward 3)

Pursuant to Section 9.3, Sub-sections (e) and (f) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e) and (f) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the City or a local board; and advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

12.4 Reaching Home: Canada's Homelessness Strategy, Program Extension 2024-2028 (HSC24017) (City Wide)

Pursuant to Section 9.3, Sub-section (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the City or a local board.

13. ADJOURNMENT



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 27, 2024
SUBJECT/REPORT NO:	Ottawa Street Business Improvement Area Changes to Board of Management (PED24050) (Wards 3 and 4)
WARD(S) AFFECTED:	Wards 3 and 4
PREPARED BY:	Cristina Geissler (905) 546-2424 Ext. 2632
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That the following individual be removed from the Ottawa Street Business Improvement Area Board of Management:

Ariane Terveld, Obskurrah Bazaar;

That the following individual be appointed to the Ottawa Street Business Improvement Area Board of Management:

Keith Arana, Nerdcore.

EXECUTIVE SUMMARY

Changes to Board Members to the Ottawa Street Business Improvement Area Board of Management that includes removal of one Director and replacing with another Director maintaining their current compliment of eight Directors.

Alternatives for Consideration – Not Applicable.

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SUBJECT: Ottawa Street Business Improvement Area Changes to Board of Management (PED24050) (Wards 3 and 4) - Page 2 of 2

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Not Applicable.

Staffing: Not Applicable.

Legal: The *Municipal Act 2001*, Sections 204-215 governs Business Improvement Areas. Section (204) Subsection (3) stipulates “A Board of Management shall be composed of, (a) one or more Directors appointed directly by the Municipality; and (b) the remaining Directors selected by a vote of the membership of the improvement area and appointed by the Municipality”. Section 204 Subsection (12) stipulates “...if a vacancy occurs for any cause, the Municipality may appoint a person to fill the vacancy for the unexpired portion of the term and the appointed person is not required to be a member of the improvement area.”

HISTORICAL BACKGROUND

A meeting of the Board of Management of the Ottawa Street Business Improvement Area took place on January 17, 2024. At this meeting, the membership received the resignation of Ariane Terveld from the position of Director on the Board of Management. At this same meeting the Board approved the appointment of Keith Arana to the position of Director on the Board of Management to replace Ariane Terveld.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable.

RELEVANT CONSULTATION

Not Applicable.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Not Applicable.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable.



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 27, 2024
SUBJECT/REPORT NO:	Concession Street Business Improvement Area Changes to Board of Management (PED24056) (Ward 7)
WARD(S) AFFECTED:	Ward 7
PREPARED BY:	Cristina Geissler (905) 546-2424 Ext. 2632
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

That the following individual be removed from the Concession Business Improvement Area Board of Management:

- (i) Sarah Maticic, White Rabbit;
- (ii) Joanne Emberson, Crumbuns;

That the following individual be appointed to the Concession Street Business Improvement Area Board of Management:

- (i) Diane Hines, Made You Look Optical;
- (ii) Jim Foreman, Cancer Assistance Program;
- (iii) Tosin Ikotun, RBC;
- (iv) Stephanie Muir, Lavandula Spa.

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SUBJECT: Concession Street Business Improvement Area Changes to Board of Management (PED24056) (Ward 7) - Page 2 of 3

EXECUTIVE SUMMARY

Changes to Board Members to the Concession Street Business Improvement Area Board of Management that includes removal of two Directors and replacing with four Directors increasing their current compliment of six Directors to eight Directors.

Alternatives for Consideration – Not Applicable.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Not Applicable.

Staffing: Not Applicable.

Legal: The *Municipal Act 2001*, Sections 204-215 governs Business Improvement Areas. Section (204) Subsection (3) stipulates “A Board of Management shall be composed of, (a) one or more Directors appointed directly by the Municipality; and (b) the remaining Directors selected by a vote of the membership of the improvement area and appointed by the Municipality”. Section 204 Subsection (12) stipulates “...if a vacancy occurs for any cause, the Municipality may appoint a person to fill the vacancy for the unexpired portion of the term and the appointed person is not required to be a member of the improvement area.”

HISTORICAL BACKGROUND

A meeting of the Board of Management of the Concession Street Business Improvement Area took place on January 18, 2024. At this meeting, the membership received the resignations of Sarah Maticic and Joanne Emberson from the positions of Director on the Board of Management.

At this same meeting the Board approved the appointments of Diane Hines, Jim Foreman, Stephanie Muir and Tosin Ikotun to the positions of Director on the Board of Management to replace the above-mentioned resignations.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not applicable.

RELEVANT CONSULTATION

Not applicable.

SUBJECT: Concession Street Business Improvement Area Changes to Board of Management (PED24056) (Ward 7) - Page 3 of 3

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Not applicable.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable.



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 27, 2024
SUBJECT/REPORT NO:	Locke Street Business Improvement Area 2024 Proposed Budget and Schedule of Payments (PED24053) (Ward 1)
WARD(S) AFFECTED:	Ward 1
PREPARED BY:	Cristina Geissler (905) 546-2424 Ext. 2632
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That the 2024 Operating Budget for the Locke Street Business Improvement Area, attached as Appendix "A" to Report PED24053, in the amount of \$46,658 be approved;
- (b) That the levy portion of the Operating Budget for the Locke Street Business Improvement Area in the amount of \$41,658 be approved;
- (c) That the General Manager of Finance and Corporate Services be hereby authorized and directed to prepare the requisite By-law pursuant to Section 208, *The Municipal Act, 2001*, to levy the 2024 Budget as referenced in Recommendation of Report PED24053;
- (d) That the following schedule of payments for 2024 be approved:
 - (i) February \$20,829;
 - (ii) June \$20,829;

Note: Assessment appeals may be deducted from the levy payments.

SUBJECT: Locke Street Business Improvement Area 2024 Proposed Budget and Schedule of Payments (PED24053) (Ward 1) - Page 2 of 3

EXECUTIVE SUMMARY

This Report deals with the approval of the 2024 Budget and Schedule of Payments for the Locke Street Business Improvement Area.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The \$41,658 is completely levied by the Business Improvement Area through its members. There is no cost to the City of Hamilton for any part of the Operating Budget.

Staffing: There are no staffing implications.

Legal: The *Municipal Act, 2001*, Section 205, Sub-section (2) dictates that City Council must approve Budgets of Business Improvement Areas.

HISTORICAL BACKGROUND

At its Annual General Meeting on Monday January 29, 2024, the Locke Street Business Improvement Area Board of Management presented its proposed Budget for 2024.

The process followed to adopt the Locke Street Business Improvement Area Budget was in accordance with The *Municipal Act, 2001*, and the Business Improvement Area's Procedure By-law.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable.

RELEVANT CONSULTATION

Not Applicable.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Not Applicable.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

**SUBJECT: Locke Street Business Improvement Area 2024 Proposed Budget and
Schedule of Payments (PED24053) (Ward 1) - Page 3 of 3**

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED24053 – Locke Street Business Improvement Area Budget
2024



Locke Street BIA Budget 2024

Revenue:	2024
City BIA Levy	\$41,658
BIA Reserve	\$5,000
Other City Revenue	\$16,500
Festivals and/or Sundays Unlocked sponsorship & grants Revenue	\$40,000
TOTAL	\$46,658

Expenses:	
Social media management	\$12,500
Advertising/Marketing/Tourism	\$6,433
Special Events	\$10,075
Street Beautification	\$14,000
Festivals and/or Sundays Unlocked	\$40,000
Auditors	\$500
Executive Director	\$12,000
Bookkeeping & Business Support	\$1,000
Office Supplies	\$150
Insurance	\$1,500
Reserve	\$5,000
TOTAL	\$103,158



CITY OF HAMILTON
PUBLIC HEALTH SERVICES
Epidemiology and Wellness Division

TO:	Mayor and Members Public Health Committee
COMMITTEE DATE:	March 18, 2024
SUBJECT/REPORT NO:	One-Time Funding for Client Management System Migration Alcohol, Drug & Gambling Services, Mental Health and Street Outreach Program (BOH24004) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Susan Boyd (905) 546-2424 Ext 2888
SUBMITTED BY:	Julie Prieto Director, Epidemiology and Wellness Division Public Health Services
SIGNATURE:	

RECOMMENDATION

That the Public Health Committee authorize and direct the Medical Officer of Health, or delegate, to:

- (i) Accept, utilize, and report on the available one-time \$60,000.00 funding allocation from Ontario Health, for the migration of the Alcohol, Drug and Gambling Services and Mental Health and Street Outreach Programs client management systems; and,
- (ii) Enter into and execute, on behalf of the City all agreements, including funding agreements, and any ancillary agreements, contracts, extensions and documents associated with this approval and the related client management system., satisfactory in form to the City Solicitor.

EXECUTIVE SUMMARY

Alcohol, Drug & Gambling Services and the Mental Health and Street Outreach Program, within Public Health Services, provide addiction and mental health support to individuals in Hamilton. Ontario Health is providing one-time funding to Mental Health and Addictions Health Service Providers to support the transition of Client Management Systems that are not compatible with providing required data through the Mental Health and Addiction Provincial Data Set initiative.

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SUBJECT: One-Time Funding for Client Management System Migration Alcohol, Drug & Gambling Services, Mental Health and Street Outreach Program (BOH24004) (City Wide) - Page 2 of 4

Ontario Health has identified that this provincial data set will allow for consistent collection and reporting of data and will support better performance measurement, quality improvement, improved service planning, funding allocation and accountability at provincial, regional and local levels.

Currently Alcohol, Drug and Gambling Services and the Mental Health and Street Outreach Program are using client management systems that are not compatible and need to transition to one new system. This transition would help with improved use of data for direct service, program planning and meeting mandatory reporting requirements. This report seeks authority to accept available one-time funding from Ontario Health to cover costs for successful system migration, bringing the programs in line with the Ontario Health Data and Digital Initiative requirements.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Ontario Health has approved a one-time funding allocation of \$60,000 for the migration of client management systems for the Alcohol, Drug and Gambling Services and Mental Health and Street Outreach Program. Cost recovery will be for the full cost of the new Client Management System implementation, not including any customizations or ongoing service fees. Ongoing service fees will be included in the April 1, 2024 - March 31, 2025 operating budget of Alcohol, Drug & Gambling Services, Mental Health and Street Outreach Programs.

Ontario Health has a limited list of vendors from which the system can be obtained. Staff will work with Procurement to procure the system in keeping with both City and Ontario Health policies.

Staffing: Not Applicable.

Legal: Contracts with Ontario Health and a new client management systems vendor will be signed, satisfactory in form to the City Solicitor. Privacy consultations and review will be requested as needed.

HISTORICAL BACKGROUND

In 2020, Ontario launched Roadmap to Wellness, the province's multi-year strategy focusing on the development of a connected and comprehensive mental health and addictions system. Within the Roadmap to Wellness digital and data initiatives are identified as a critical element that will contribute to service delivery quality and accountability.

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SUBJECT: One-Time Funding for Client Management System Migration Alcohol, Drug & Gambling Services, Mental Health and Street Outreach Program (BOH24004) (City Wide) - Page 3 of 4

Ontario Health's, Mental Health and Addictions Centre of Excellence, introduced a Data and Digital Initiative for mental health and addictions across the province. Within this larger initiative the Mental Health and Addictions Centre of Excellence is implementing a standardized provincial data set, called the Mental Health and Addictions Provincial Data Set. Identified outcomes this initiative will support, include better performance measurement, quality improvement, improved service planning, funding allocation and accountability at provincial, regional and local levels.

The Alcohol, Drug and Gambling Services Program and the Mental Health and Street Outreach Program both collect data to provide direct service care, guide program level planning and to meet accountability requirements at the provincial level. Currently the programs use two client management systems that are not compatible with Ontario Health's program and will not be able to migrate data requested by the province.

Ontario Health has indicated submission of the Mental Health and Addictions – Provincial Data Set data will eventually become mandatory for provincially-funded mental health and addictions programs and will be added to the Multi- Service Accountability Agreement, which currently directs the two programs.

Ontario Health has approved a one-time funding allocation for the migration of the Alcohol, Drug and Gambling Services and Mental Health and Street Outreach Programs current client management systems, to a compatible system allowing for alignment with the requirements of the data initiative.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no current requirements, however, there has been indication from Ontario Health that data and digital requirements will be included in future Multi-Sector Accountability Agreements with Ontario Health.

RELEVANT CONSULTATION

Consultations have taken place with Ontario Health, and City of Hamilton Finance and Administration staff.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

With the implementation of the Mental Health and Addictions Centre for Excellence, Data and Digital Initiative in Mental Health and Addictions, there are new data requirements for addiction and mental health community programs. This directly impacts the Public Health Services Alcohol, Drug and Gambling Services, Mental Health and Street Outreach Services programs. The programs currently use two different client management systems and moving to one compatible client management

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SUBJECT: One-Time Funding for Client Management System Migration Alcohol, Drug & Gambling Services, Mental Health and Street Outreach Program (BOH24004) (City Wide) - Page 4 of 4

system would have benefits at the direct care level, program planning and for provincial accountability reporting.

Ontario Health has indicated that currently there is a commitment of one-time funding for the migration of the existing client management systems, however, there is no confirmation of future funding for system migration. Supporting the migration of existing client management systems from existing budget allotments would create a pressure on direct service. Mitigating this budget pressure, along with meeting mandatory requirements within the Mental Health and Addictions – Provincial Data Set initiative, supports the rationale to accept the current available allocation of one-time funds.

ALTERNATIVES FOR CONSIDERATION

Not Applicable.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable.



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Recreation Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 21, 2024
SUBJECT/REPORT NO:	Mohawk 4Ice Centre Operating Agreement (HSC24010) (Ward 6)
WARD(S) AFFECTED:	Ward 6
PREPARED BY:	Romas Keliacius (905) 546-2424 Ext. 4722
SUBMITTED BY:	Steve Sevor Director (Acting), Recreation Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION

- (a) That the City of Hamilton enter a new Operating and Maintenance Agreement with Hamilton Arena Partners Inc. for a ten-year initial term, effective March 6, 2024, with the option for two consecutive renewals, each of five years to permit Hamilton Arena Partners Inc. to continue to maintain and operate the Mohawk 4Ice Centre; and,
- (b) That the General Manager, Healthy and Safe Communities, or delegate, be authorized and directed to negotiate, enter, and execute the Operating and Maintenance Agreement with Hamilton Arena Partners Inc., together with any amendments and renewals to the Operating and Maintenance Agreement, and any ancillary documents or agreements to give effect thereto with content acceptable to the Director of Recreation and in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

The City of Hamilton owned Mohawk 4Ice Centre has been successfully operated and maintained by Hamilton Arena Partners Inc. for the last 20 years since 2004. Upon expiry, the Operating and Maintenance Agreement (the "Original Agreement") allows for continuation monthly until a new agreement is executed and it has been communicated

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**SUBJECT: Mohawk 4 Ice Centre Operating Agreement (HSC24010) (Ward 6) -
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to Hamilton Arena Partners Inc. that the operation will continue with the same terms until that point. Should the recommendations be approved, the new agreement will be backdated to March 6, 2024, to align with the expiration of the renewal.

Based on this demonstrated partnership, staff are recommending that the City enter into a new agreement with Hamilton Arena Partners Inc. to continue to deliver this cost-effective service to the community. Continuing will also allow Hamilton Arena Partners Inc. to complete the debt service of the Original Agreement and continue operations through the major capital roof repair project. Having a stable and familiar operator during this time is paramount to continued provision of this service.

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The financial arrangements stipulated in the Original Agreement will continue in the proposed new agreement with a few minor changes. These changes include negotiating a more favourable revenue split for the City of Hamilton along with increased funding to the stabilization account and capital reserve account. These increased contributions will be made possible by the reallocation of the current debt payments once the debt is paid fully in March 2025.

The last five years of audited financial reports (attached as Appendix “A”, Appendix “B”, Appendix “C”, Appendix “D” and Appendix “E” respectively to Report HSC24010) outline the financial operations of the facility over the 2018, 2019, 2020, 2021 and 2022 calendar years.

Staffing: N/A

Legal: Staff within Legal Services will prepare the appropriate agreement as reflected in the Recommendation.

HISTORICAL BACKGROUND

The Mohawk 4Ice Centre is owned by the City of Hamilton and contains four ice pads, a restaurant space, several meeting rooms and office space. In 2003, Hamilton Arena Partners Inc. worked with Corporate Finance staff to develop designs, financing options and agreements for the Mohawk Sports Park Four Pad Arena Development project.

The Operating and Maintenance Agreement contained an initial term of ten years and permitted two renewals, each for a period of five years. In 2014, Council approved the first five-year renewal, which expired on March 5, 2019 (the “First Renewal Agreement”)

**SUBJECT: Mohawk 4 Ice Centre Operating Agreement (HSC24010) (Ward 6) -
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and in 2020, Council approved the second five-year renewal, which expired on March 5, 2024 (the “Second Renewal Agreement”).

The construction of the Mohawk 4Ice Centre was funded by an internal long-term loan amortized over a period of 20 years at an interest rate of 5.245%. Since March 2004, the City has contracted with Hamilton Arena Partners Inc. to operate and maintain the Mohawk 4Ice Centre. The term of the Original Agreement, including the term of both renewals, has now expired. A brief timeline and summary of the historical Committee Reports is outlined below:

- **2001 - Arena Development Proposal – Site Selection Process (PD01207) (CS01056C)**
 - Potential Site locations and recommendations reviewed
 - Staff directed to start negotiations with Hamilton Arena Partners for preferred site
- **2004 - Mohawk Sports Park - Four Pad Arena Development (HSC04002)**
 - Outlines agreements, financing options and designs
- **2004 - Mohawk Sports Park - Four Pad Arena Development (HSC04002a)**
 - Approval to continue with the project including development agreement to outline the preparation and construction work/schedule, guarantee of costs
 - Approval of Operating agreement with Hamilton Arena Partners Inc.
- **2007 & 2010 – Amending Agreements to Operating and Maintenance Agreement**
 - Two Amending Agreements to the operational needs
- **2014 - Hamilton Arena Partners Operating Agreement Extension - Mohawk 4Ice Centre (CES14002)**
 - Operational and Maintenance Agreement renewal (2014 – 2019)
- **2020 - Hamilton Arena Partners Operating Agreement Renewal (CES14002(a))**
 - Operational and Maintenance Agreement renewal (2019 – 2024)
- **2021 - Emergency Operating Funding for Hamilton Arena Partners (HSC21023)**
 - Emergency Financial Support for Operating costs to Hamilton Arena Partners due to COVID-19 pandemic up to \$500,000

**SUBJECT: Mohawk 4 Ice Centre Operating Agreement (HSC24010) (Ward 6) -
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POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

City of Hamilton's Procurement Policy By-Law No. 22-255 requires that the recommendations found in this report be approved by Council. The specific section in the policy is found below:

POLICY # 11 - Non-competitive Procurements SECTION 4.11

(2) Council must approve any requests for negotiations for:

(a) a single source as set out in subsection (1)(b) of this Policy #11, where the cumulative value of the Policy 11 exceeds a multi-year value of the proposed procurement is \$250,000 or greater. For greater clarity, the total cumulative value of a Policy 11 shall not exceed \$250,000 in any given year or multiple consecutive years; or

(b) an extension as set out in subsection (1)(c) of this Policy #11, where the extension exceeds 18 months from the expiry of the Contract with a vendor.

RELEVANT CONSULTATION

Finance staff within the Financial Planning, Administration, and Policy Division of Corporate Services provided input on all financial aspects of Report HSC24010 and are supportive of the recommendations.

Recreation staff have consulted with Legal Services and upon approval of the recommendations, Legal Services staff are prepared to draft the new operating agreement.

Procurement staff advised that this Report be brought to Council for approval as per the City of Hamilton's Procurement Policy By-Law No. 22-255.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Hamilton Arena Partners continues to be a great partner of the City and has had multiple successive years of profit since the Original Agreement commenced. The section below reviews the key areas that were reviewed, ultimately leading to staff's recommendation to enter a new agreement with Hamilton Arena Partners for continued operation and maintenance of the Mohawk 4Ice Centre.

Debt Repayment

The construction of the Centre was financed through development charges of \$5 M and internal debt of \$12 M. The internal debt charges bear interest at 5.245% and are

**SUBJECT: Mohawk 4 Ice Centre Operating Agreement (HSC24010) (Ward 6) -
Page 5 of 8**

repayable in blended monthly instalments of \$80,827. The principal debt remaining as of February 1, 2024, is \$1,019,443 and is scheduled to be fully paid off by March 2025. A continuance of this agreement ensures that the City is completely repaid the debt associated with the construction of the facility.

Stabilization Account

As per the Original Agreement, deficits are to be shared 50/50 between the City and Hamilton Arena Partners. In the event of an operating surplus, the first \$30 K is applied to an operating stabilization account until that account reaches a threshold of \$250 K. As of 2013, this account was fully funded, thus, no amounts were contributed to the operating stabilization account in recent years. Due to the account accruing interest over the years, the balance as of December 31, 2023 was \$327,585. The new agreement will explore increasing the current threshold to be more reflective of covering several months of expenses as originally intended.

Operating Surpluses

The remaining operating surplus is distributed to the City of Hamilton (70%) and Hamilton Arena Partners (30%). The operating surplus amounts from the last five years are listed in the Table below.

Table 1 – Operating Surplus 2018-2022

	2018	2019	2020	2021	2022
City of Hamilton	\$11,719	\$26,480	\$0	\$0	\$47,952
Hamilton Arena Partners	\$5,022	\$11,349	\$0	\$0	\$0
Total	\$16,741	\$37,829	\$0	\$0	\$47,952

Hamilton Arena Partners was mandated to limit and, in some cases, suspend operations, in several phases of the Provincial Emergency Order due to the COVID-19 pandemic resulting in a significant operating loss. Pursuant to the Operating Agreement, the COVID-19 pandemic qualified as a force majeure and thus, the City of Hamilton agreed to adjust the operating deficit which is normally borne equally by both parties and bare the deficit entirely for 2020 and 2021. Through discussion with Hamilton Arena Partners, it was agreed that the whole of the surplus for 2022, being \$47,952, would be distributed entirely to the City of Hamilton.

While the operating surpluses are relatively low, Hamilton Arena Partners has managed the facility well considering the decreasing enrolment by ice users, competition with other private providers and the global adjustment fees for hydro that continue to fluctuate with little predictability. The new operating agreement will explore a more favourable revenue split for the City of Hamilton.

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**SUBJECT: Mohawk 4 Ice Centre Operating Agreement (HSC24010) (Ward 6) -
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Capital Reserve

The City of Hamilton holds a capital fund reserve in relation to the facility, to which Hamilton Arena Partners contributes \$75 K annually. The balance of the fund as of December 31, 2023, was \$330,842. This reserve is to be used primarily to finance major capital repairs to the facility. A Building Cost Assessment was updated for this facility in 2023 and identified that over the next 15 years, \$11.667 M of capital investment will be required.

Once the debt repayment is complete, the monthly payment of \$80,827 (\$969,924 annually) can be reallocated. The new operating agreement will explore increasing funding to the capital reserve to prepare for upcoming capital investments in the facility.

City of Hamilton Hours

Each year, Hamilton receives 3,620 hours of prime ice time at the facility, to be allocated by Hamilton Arena Partners over all four ice surfaces, for users qualifying for Hamilton's subsidized ice rate. The City of Hamilton is responsible for scheduling, invoicing and collecting the revenue for this ice time. In 2022, this was equivalent to \$598,248 of revenue. Due to changing demands for ice, the current allocation to the City will be reviewed to reflect community need of City allocated hours at Mohawk 4Ice to encourage utilization at other City operated arenas and make better use of the available ice times there.

Capital Projects

As identified in the updated Building Cost Assessment, there are significant capital expenditures that are required over the next 15 years. Some of the more extensive investments include roofing (\$3.6 M in 2024), mechanical (\$1.5 M in 2030), and mechanical and rink dasher boards (\$3.4 M in 2035). The total capital investment required over the next 15 years is \$11.667 M.

Successful Private-Public Partnership

The Recreation Master Plan identifies that any contemplated partnership should provide benefits to the general public that outweigh the risks and that make appropriate use of public and private funds. Relationships with outside groups may be considered when:

- the City does not have capacity or budget for direct program delivery or facility management;
- there is an established provider/partner already working with the City;
- the site fills or augments service gaps in communities in lieu of City services;
- there is a need to build capacity to engage communities; and/or
- the potential service provider is the preferred/specialist for program delivery.

The partnership between the City of Hamilton and Hamilton Arena Partners meets much of the above criteria.

- The City does not have the capacity or budget to operate the facility itself;

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Mohawk 4 Ice Centre Operating Agreement (HSC24010) (Ward 6) -
Page 7 of 8**

- Hamilton Arena Partners is an established provider and has demonstrated this with two decades of excellent partnership and expert operation;
- The facility is established and a major part of the Recreation landscape in the City and provides an in-demand service to the community;
- Hamilton Arena Partners is the preferred service provider as the City has benefitted both from an operational and financial lens and not experienced any issues during our extensive partnership with them.

ALTERNATIVES FOR CONSIDERATION

Option #1: Request for Proposal to identify a new company to operate and maintain the facility.

Pros

- A Request for Proposal allows the City to entertain opportunities for a new partnership in a transparent manner.

Cons

- Hamilton Arena Partners has been an extremely vital partner in ensuring that ice needs are met for all ice stakeholders. Hamilton Arena Partners has built a strong relationship with the sport community not only as it relates to ice, but for the provision of commercial space as well;
- Hamilton Arena Partners has proved that they are good stewards of the facility by regularly producing an operational surplus;
- Would be an extensive undertaking for staff;
- Risk of an operator that has not been as successful as the current operator; and
- While this may be the logical alternative, the points of emphasis in the preferred option give staff greater comfort.

Financial: A new operator would come with some financial uncertainty. Navigating the roof construction project and outstanding debt repayment are items that would further complicate the financial picture with this alternative.

Staffing: N/A

Legal: The City's legal staff would need to work in concert with staff from Procurement and Recreation to complete the Request for Proposal (RFP) as well as agreements arising therefrom.

Option #2: That the City explores taking over the operation and maintenance of the Mohawk 4Ice centre.

Pros

- All City owned arenas would be operated by City staff.

**SUBJECT: Mohawk 4 Ice Centre Operating Agreement (HSC24010) (Ward 6) -
Page 8 of 8**

Cons

- The operations and maintenance of the facility is not currently budgeted;
- The efficiencies associated with having a third-party operator would be lost;
- There would be significant staffing requirements;
- There would be a high demand for all bookings to be subsidized which is far different from the current business model that allows for an even split between subsidized rentals and full cost rentals;
- Potential impact to adult programming which City arenas do not currently accommodate.

Financial: The significant amount of funds required from human and material resources is currently not budgeted and has not been contemplated in multi-year budgets.

Staffing: Additional staffing compliment will be required to be able to run a facility of this size.

Legal: N/A

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report HSC24010:	2018 Mohawk 4Ice Centre Audited Financial Report
Appendix "B" to Report HSC24010:	2019 Mohawk 4Ice Centre Audited Financial Report
Appendix "C" to Report HSC24010:	2020 Mohawk 4Ice Centre Audited Financial Report
Appendix "D" to Report HSC24010:	2021 Mohawk 4Ice Centre Audited Financial Report
Appendix "E" to Report HSC24010:	2022 Mohawk 4Ice Centre Audited Financial Report

Financial Statements of

MOHAWK 4 ICE CENTRE

Year ended December 31, 2018

MOHAWK 4 ICE CENTRE

Financial Statements

December 31, 2018, with comparative figures for 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of Hamilton:

Opinion

We have audited the financial statements of Mohawk 4 Ice Centre (the Centre), which comprise:

- the statement of financial position as at end of December 31, 2018
- the statement of operations for the year then ended
- the statement of changes net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Centre as at end of December 31, 2018, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material



uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
March 7, 2019

MOHAWK 4 ICE CENTRE

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash and cash equivalents	\$ 339,578	\$ 219,453
Accounts receivable	216,290	135,783
Due from the City of Hamilton	-	137,806
	<u>555,868</u>	<u>493,042</u>
Liabilities		
Accounts payable and accrued liabilities	165,626	149,290
Deferred revenue (note 5)	410,739	390,884
Due to the City of Hamilton	27,711	-
	<u>604,076</u>	<u>540,174</u>
Net debt	(48,208)	(47,132)
Non-financial assets		
Prepaid expenses	48,208	47,132
Accumulated surplus	\$ -	\$ -

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget	2018	2017
Revenues:			
Ice rentals (note 3 (b))	\$ 2,308,278	\$ 2,376,311	\$ 2,325,111
League	553,000	573,565	557,422
Leases	158,800	161,448	156,400
Advertising	102,000	88,462	104,015
Vending	28,800	20,458	23,777
Other	11,420	17,692	17,606
Tournament	6,000	4,857	5,089
Total revenues	3,168,298	3,242,793	3,189,420
Expenses:			
Salaries and benefits	769,800	803,427	741,040
Utilities	577,500	565,216	627,348
Repairs and maintenance	224,500	247,823	214,913
Management fees (note 3 (c))	217,950	217,217	216,448
League	186,000	190,266	174,809
Insurance	44,100	45,842	47,937
Bank charges and interest	30,420	33,122	31,583
Marketing and sales	12,990	22,354	11,205
Office	12,864	12,577	10,045
Professional fees	3,300	6,300	3,300
Telephone	5,100	4,497	3,926
Training	3,300	3,719	3,507
Tournament	2,750	2,212	2,245
Travel	1,800	1,560	1,650
Total expenses	2,092,374	2,156,132	2,089,957
	1,069,924	1,086,661	1,099,463
Transfer to City of Hamilton's Reserve for Capital Projects (note 3 (d))	(100,000)	(99,996)	(125,000)
Transfer to City of Hamilton for debt repayment (note 3 (g))	(969,924)	(969,924)	(969,924)
Net revenues	-	16,741	4,539
Profit share expense (notes 3 (f), 4)	-	(16,741)	(4,539)
Annual surplus	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Changes in Net Debt

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ -	\$ -
(Increase) decrease in prepaid expenses	(1,076)	(37,292)
Change in net debt	(1,076)	(37,292)
Net debt, beginning of year	(47,132)	(9,840)
Net debt, end of year	\$ (48,208)	\$ (47,132)

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ -	\$ -
Change in non-cash assets and liabilities:		
Accounts receivable	(80,507)	(8,627)
Prepaid expenses	(1,076)	(37,292)
Accounts payable and accrued liabilities	16,336	(6,355)
Deferred revenue	19,855	19,689
Due from City of Hamilton	165,517	33,054
Net change in cash and cash equivalents	120,125	469
Cash and cash equivalents, beginning of year	219,453	218,984
Cash and cash equivalents, end of year	\$ 339,578	\$ 219,453

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2018

1. Nature of operations:

The Mohawk 4 Ice Centre (the "Centre") is a four pad arena complex owned by The Corporation of the City of Hamilton ("City of Hamilton"). The City of Hamilton entered into a 10 year partnership agreement (the "Agreement") with Hamilton Arena Partners Inc. ("HAP"), owned and operated by Nustadia Recreation Inc., to maintain and operate the Centre. The agreement was renewed in 2014 for an extension period of 5 years.

2. Significant account policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Centre are as follows:

(b) Basis of accounting:

The Centre follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measureable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Revenues:

Revenues are recognized in the fiscal year in which the related services are performed.

(d) Deferred revenue:

Deferred revenue represents funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Significant account policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(f) Operating and capital reserves and reserve funds

Operating and capital reserves and reserve funds held by the City of Hamilton for use by the Centre are not reported in these financial statements.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Transactions with the City of Hamilton:

(a) Bank account:

HAP has established a bank account in its own name pursuant to the operating agreement between the City of Hamilton and HAP. This bank account is a trust account for the benefit of the City of Hamilton. The City of Hamilton may at any time require that all monies held in the trust bank account be transferred to another separate account maintained by the City of Hamilton.

(b) Ice rentals:

The City of Hamilton shall have available 3,620 hours of prime-time ice at the Centre. The City of Hamilton is responsible for scheduling, invoicing and collecting the revenue for this ice time. During the year, ice rental revenue in the amount of \$531,528 (2017 - \$516,052) with respect to City of Hamilton ice time was included in revenue for the year.

(c) Management fees:

Pursuant to the agreement between the City of Hamilton and HAP, the City of Hamilton has agreed to pay HAP an annual management fee of \$150,000, adjusted annually for increases in the consumer price index for Hamilton, for managing the facility on behalf of the City of Hamilton. In addition HAP is entitled to an annual commission equal to 10% of the gross revenues from sponsorship, advertising, vending, leasing and pouring and naming rights. During the year, the City of Hamilton paid HAP \$217,217 (2017 - \$216,448) with respect to these management fees and commissions.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2018

3. Transactions with the City of Hamilton (continued):

(d) Reserves:

The City of Hamilton holds a capital fund reserve for the Centre in the amount of \$728,571 (2017 - \$688,104) to be used primarily to finance major capital repairs to the facility. The capital fund has not been included in the Centre's statement of financial position nor has its operations been included in the statements of operations and changes in net debt.

	2018	2017
Balance, beginning of year	\$ 688,104	\$ 628,415
Expenditures made on capital projects	(77,450)	(79,660)
Contribution to fund future capital projects	99,996	125,000
Interest income earned on the reserve	17,918	14,349
Balance, end of year	\$ 728,571	\$ 688,104

(e) Operating stabilization account:

The City of Hamilton will establish and control a stabilization account to help offset the City of Hamilton's cash requirements in dealing with future operating deficits of the Centre. The account is to be funded from the operating surplus to a maximum of \$30,000 per year. Deposits to the account will continue until the account balance is \$250,000.

As at December 31, 2011, the account was fully funded. Thus, no amounts were contributed to the operating stabilization account in 2018 or 2017.

(f) Operating deficits and surplus:

Subsequent to the first year of operations, the City of Hamilton and HAP have agreed to each fund 50% of any operating deficit. HAP's obligation to fund an operating deficit in any year is limited to the annual commission income for the year plus \$30,000. The first \$30,000 of the operating surplus is to fund the operating stabilization account. The remaining surplus is to be distributed to the City of Hamilton (70%) and HAP (30%). As the operating stabilization account is fully funded, the entire balance of the surplus is distributed between the City of Hamilton and HAP.

(g) Debt repayment:

The construction of the Centre was financed through development charges of \$5 million and internal debt of \$12 million. The internal debt charges bear interest at 5.245% and are repayable in blended monthly installments of \$80,828. The debt is held by the City of Hamilton and the Centre receives an internal debt charge allocation for its repayment. Total repayments made by the Centre in 2018 was \$969,924 (2017 - \$969,924).

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Related party transactions:

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivable include receivables, in the normal course of business, from related parties in the following amounts:

	2018	2017
Nustadia Recreation Inc.	\$ 14,988	\$ 10,327

Accounts payable and accrued liabilities includes trade payables, in the normal course of business, to related companies, in the following amounts:

	2018	2017
Hamilton Arena Partners Inc.	\$ 44,317	\$ 42,171
City of Hamilton	11,719	3,177
Nustadia Recreation Inc.	3,676	3,358

The Centre had the following related party transactions with Nustadia Recreation Inc. during the year:

	2018	2017
Advertising, leasing, and vending revenue recognized by the Centre from contracts administered by Nustadia	\$ 27,098	\$ 29,667
Wage recovery expenses	81,926	81,958

In accordance with the terms of the partnership agreement disclosed in note 3(f), the operating surplus has been allocated as follows:

	2018	2017
City of Hamilton	\$ 11,719	\$ 3,177
Hamilton Arena Partners Inc.	5,022	1,362
	\$ 16,741	\$ 4,539

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2018

5. Deferred revenue:

Included in deferred revenue are amounts for ice and facility rentals which will take place in the next fiscal year as well as amounts received for advertising contracts.

	2018	2017
Balance, beginning of year	\$ 390,884	\$ 371,195
Receipts	410,739	390,884
Transfer to revenue	(390,884)	(371,195)
	\$ 410,739	\$ 390,884

6. Financial risks and concentration of credit risk:

(a) Credit risk:

The Centre is subject to credit risk. Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Centre is exposed to credit risk with respect to accounts receivable. The Centre assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Centre is the carrying value of accounts receivable at year end.

(b) Liquidity risk:

The Centre is subject to liquidity risk. Liquidity risk is the risk that the Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Centre manages its liquidity risk by monitoring its operating requirements and the preparation of a budget forecast to ensure sufficient funds exist to fulfill its obligations. The City of Hamilton also maintains the capital fund reserve and operating stabilization account in anticipation of future capital and operating requirements of the Centre.

Financial Statements of

MOHAWK 4 ICE CENTRE

Year ended December 31, 2019

MOHAWK 4 ICE CENTRE

Financial Statements

December 31, 2019, with comparative figures for 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of Hamilton:

Opinion

We have audited the financial statements of Mohawk 4 Ice Centre (the Centre), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Centre as at end of December 31, 2019, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material



uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

March 1, 2020

MOHAWK 4 ICE CENTRE

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 79,659	\$ 339,578
Accounts receivable	216,060	216,290
Due from the City of Hamilton	240,137	-
	<u>535,856</u>	<u>555,868</u>
Liabilities		
Accounts payable and accrued liabilities	170,820	165,626
Deferred revenue (note 5)	417,532	410,739
Due to the City of Hamilton	-	27,711
	<u>588,352</u>	<u>604,076</u>
Net debt	(52,496)	(48,208)
Non-financial assets		
Prepaid expenses	52,496	48,208
Accumulated surplus	\$ -	\$ -

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
Revenues:			
Ice rentals (note 3 (b))	\$ 2,363,726	\$ 2,387,839	\$ 2,376,311
League	556,000	593,813	573,565
Leases	168,938	165,938	161,448
Advertising	102,000	118,847	88,462
Vending	25,200	26,365	20,458
Other	14,450	20,143	17,692
Tournament	6,000	7,909	4,857
Total revenues	3,236,314	3,320,854	3,242,793
Expenses:			
Debt repayment to City of Hamilton (note 3 (g))	969,924	969,924	969,924
Salaries and benefits	813,000	838,867	803,427
Utilities	590,000	582,317	565,216
Repairs and maintenance	229,500	238,176	247,823
Management fees (note 3 (c))	218,400	224,809	217,217
League	189,600	195,832	190,266
Insurance	45,600	47,579	45,842
Bank charges and interest	29,580	32,170	33,122
Marketing and sales	15,120	16,347	22,354
Office	12,900	15,627	12,577
Telephone	4,560	4,744	4,497
Tournament	2,750	3,592	2,212
Professional fees	3,500	3,560	6,300
Travel	1,680	1,980	1,560
Training	4,200	1,221	3,719
Booking software	6,000	-	-
Total expenses	3,136,314	3,176,745	3,126,056
Annual Surplus	100,000	144,109	116,737
Transfer to City of Hamilton's Reserve for Capital Projects (note 3 (d))	(100,000)	(106,280)	(99,996)
	-	37,829	16,741
Profit share expense (notes 3 (f), 4)	-	(37,829)	(16,741)
Annual surplus after reserve transfer and profit sharing	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Changes in Net Debt

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	\$ -	\$ -
(Increase) decrease in prepaid expenses	(4,288)	(1,076)
Change in net debt	(4,288)	(1,076)
Net debt, beginning of year	(48,208)	(47,132)
Net debt, end of year	\$ (52,496)	\$ (48,208)

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ -	\$ -
Change in non-cash assets and liabilities:		
Accounts receivable	230	(80,507)
Prepaid expenses	(4,288)	(1,076)
Accounts payable and accrued liabilities	5,194	16,336
Deferred revenue	6,793	19,855
Due from City of Hamilton	(267,848)	165,517
Net change in cash and cash equivalents	(259,919)	120,125
Cash and cash equivalents, beginning of year	339,578	219,453
Cash and cash equivalents, end of year	\$ 79,659	\$ 339,578

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2019

1. Nature of operations:

The Mohawk 4 Ice Centre (the "Centre") is a four pad arena complex owned by The Corporation of the City of Hamilton ("City of Hamilton"). The City of Hamilton entered into a 10 year partnership agreement (the "Agreement") with Hamilton Arena Partners Inc. ("HAP"), owned and operated by Nustadia Recreation Inc., to maintain and operate the Centre. The agreement was renewed in 2014 for an extension period of 5 years. The agreement expired on March 5, 2019, and as at December 31, 2019 a new agreement has not been signed. However the Centre continues to be operated by HAP under all the terms and conditions of the original agreement and subsequent extension.

2. Significant account policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Centre are as follows:

(b) Basis of accounting:

The Centre follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measureable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Revenues:

Revenues are recognized in the fiscal year in which the related services are performed.

(d) Deferred revenue:

Deferred revenue represents funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant account policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(f) Operating and capital reserves and reserve funds

Operating and capital reserves and reserve funds held by the City of Hamilton for use by the Centre are not reported in these financial statements.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Transactions with the City of Hamilton:

(a) Bank account:

HAP has established a bank account in its own name pursuant to the operating agreement between the City of Hamilton and HAP. This bank account is a trust account for the benefit of the City of Hamilton. The City of Hamilton may at any time require that all monies held in the trust bank account be transferred to another separate account maintained by the City of Hamilton.

(b) Ice rentals:

The City of Hamilton shall have available 3,620 hours of prime-time ice at the Centre. The City of Hamilton is responsible for scheduling, invoicing and collecting the revenue for this ice time. During the year, ice rental revenue in the amount of \$547,473 (2018 - \$531,528) with respect to City of Hamilton ice time was included in revenue for the year.

(c) Management fees:

Pursuant to the agreement between the City of Hamilton and HAP, the City of Hamilton has agreed to pay HAP an annual management fee of \$150,000, adjusted annually for increases in the consumer price index for Hamilton, for managing the facility on behalf of the City of Hamilton. In addition HAP is entitled to an annual commission equal to 10% of the gross revenues from sponsorship, advertising, vending, leasing and pouring and naming rights. During the year, the City of Hamilton paid HAP \$224,809 (2018 - \$217,217) with respect to these management fees and commissions.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2019

3. Transactions with the City of Hamilton (continued):

(d) Reserves:

The City of Hamilton holds a capital fund reserve for the Centre in the amount of \$665,598 (2018 - \$728,571) to be used primarily to finance major capital repairs to the facility. The capital fund has not been included in the Centre's statement of financial position nor has its operations been included in the statements of operations and changes in net debt.

	2019	2018
Balance, beginning of year	\$ 728,571	\$ 688,104
Expenditures made on capital projects	(185,796)	(77,450)
Contribution to fund future capital projects	106,280	99,996
Interest income earned on the reserve	16,543	17,918
Balance, end of year	\$ 665,598	\$ 728,571

(e) Operating stabilization account:

The City of Hamilton will establish and control a stabilization account to help offset the City of Hamilton's cash requirements in dealing with future operating deficits of the Centre. The account is to be funded from the operating surplus to a maximum of \$30,000 per year. Deposits to the account will continue until the account balance is \$250,000.

As at December 31, 2011, the account was fully funded. Thus, no amounts were contributed to the operating stabilization account in 2019 or 2018.

(f) Operating deficits and surplus:

Subsequent to the first year of operations, the City of Hamilton and HAP have agreed to each fund 50% of any operating deficit. HAP's obligation to fund an operating deficit in any year is limited to the annual commission income for the year plus \$30,000. The first \$30,000 of the operating surplus is to fund the operating stabilization account. The remaining surplus is to be distributed to the City of Hamilton (70%) and HAP (30%). As the operating stabilization account is fully funded, the entire balance of the surplus is distributed between the City of Hamilton and HAP.

(g) Debt repayment:

The construction of the Centre was financed through development charges of \$5 million and internal debt of \$12 million. The internal debt charges bear interest at 5.245% and are repayable in blended monthly installments of \$80,828. The debt is held by the City of Hamilton and the Centre receives an internal debt charge allocation for its repayment. Total repayments made by the Centre in 2019 was \$969,924 (2018 - \$969,924).

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Related party transactions:

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivable include receivables, in the normal course of business, from related parties in the following amounts:

	2019	2018
Nustadia Recreation Inc.	\$ 13,819	\$ 14,988

Accounts payable and accrued liabilities includes trade payables, in the normal course of business, to related companies, in the following amounts:

	2019	2018
Hamilton Arena Partners Inc.	\$ 42,814	\$ 44,317
City of Hamilton	26,480	11,719
Nustadia Recreation Inc.	3,494	3,676

The Centre had the following related party transactions with Nustadia Recreation Inc. during the year:

	2019	2018
Advertising, leasing, and vending revenue recognized by the Centre from contracts administered by Nustadia	\$ 31,256	\$ 27,098
Wage recovery expenses	72,226	81,926

In accordance with the terms of the partnership agreement disclosed in note 3(f), the operating surplus has been allocated as follows:

	2019	2018
City of Hamilton	\$ 26,480	\$ 11,719
Hamilton Arena Partners Inc.	11,349	5,022
	\$ 37,829	\$ 16,741

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Deferred revenue:

Included in deferred revenue are amounts for ice and facility rentals which will take place in the next fiscal year as well as amounts received for advertising contracts.

	2019	2018
Balance, beginning of year	\$ 410,739	\$ 390,884
Receipts	417,532	410,739
Transfer to revenue	(410,739)	(390,884)
	\$ 417,532	\$ 410,739

6. Budget:

The budget data is based on the 2019 budget approved by the Facility Management Review Team on October 25, 2018.

Financial Statements of

MOHAWK 4 ICE CENTRE

Year ended December 31, 2020

MOHAWK 4 ICE CENTRE

Financial Statements

December 31, 2020, with comparative information for 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of Hamilton:

Opinion

We have audited the financial statements of Mohawk 4 Ice Centre (the Centre), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Centre as at end of December 31, 2020, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

April 12, 2021

MOHAWK 4 ICE CENTRE

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 87,944	\$ 79,659
Accounts receivable	37,972	216,060
Due from the City of Hamilton	299,194	240,137
	<u>425,110</u>	<u>535,856</u>
Liabilities		
Accounts payable and accrued liabilities	291,877	170,820
Deferred revenue (note 5)	178,328	417,532
	<u>470,205</u>	<u>588,352</u>
Net debt	(45,095)	(52,496)
Non-financial assets		
Prepaid expenses	45,095	52,496
COVID-19 (note 7)		
Accumulated surplus	\$ -	\$ -

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	Budget (note 6)	2020	2019
Revenues:			
Ice rentals (note 3 (b))	\$ 2,373,400	\$ 1,500,517	\$ 2,387,839
Government assistance (note 3 (f))	–	629,511	–
League	571,500	172,607	593,813
Leases	165,588	45,557	165,938
Advertising	108,000	56,976	118,847
Vending	25,200	12,973	26,365
Other	14,000	125,998	20,143
Tournament	6,000	–	7,909
Total revenues	3,263,688	2,544,139	3,320,854
Expenses:			
Debt repayment to City of Hamilton (note 3 (g))	969,924	969,924	969,924
Salaries and benefits	828,000	558,470	838,867
Utilities	593,000	442,137	582,317
Management fees (note 3 (c))	223,200	211,239	224,809
Repairs and maintenance	230,000	130,695	238,176
League	189,600	69,156	195,832
Insurance	48,000	55,293	47,579
Office	12,000	8,605	15,627
Bank charges and interest	30,674	8,073	32,170
Marketing and sales	16,740	5,489	16,347
Telephone	4,560	4,245	4,744
Professional fees	3,600	3,430	3,560
Training	3,840	1,590	1,221
Travel	1,800	793	1,980
Tournament	2,750	–	3,592
Booking software	6,000	–	–
Total expenses	3,163,688	2,469,139	3,176,745
Annual Surplus before the undernoted	100,000	75,000	144,109
Transfer to City of Hamilton's Reserve for Capital Projects (note 3 (d))	(100,000)	(75,000)	(106,280)
	–	–	37,829
Profit share expense (notes 3 (f) and 4)	–	–	(37,829)
Annual surplus	–	–	–
Accumulated surplus, beginning of year	–	–	–
Accumulated surplus, end of year	\$ –	\$ –	\$ –

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Changes in Net Debt

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ —	\$ —
Decrease (Increase) in prepaid expenses	7,401	(4,288)
Change in net debt	7,401	(4,288)
Net debt, beginning of year	(52,496)	(48,208)
Net debt, end of year	\$ (45,095)	\$ (52,496)

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ -	\$ -
Change in non-cash assets and liabilities:		
Accounts receivable	178,088	230
Prepaid expenses	7,401	(4,288)
Accounts payable and accrued liabilities	121,057	5,194
Deferred revenue	(239,204)	6,793
Due from City of Hamilton	(59,057)	(267,848)
Net change in cash and cash equivalents	8,285	(259,919)
Cash and cash equivalents, beginning of year	79,659	339,578
Cash and cash equivalents, end of year	\$ 87,944	\$ 79,659

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2020

1. Nature of operations:

The Mohawk 4 Ice Centre (the "Centre") is a four pad arena complex owned by The Corporation of the City of Hamilton ("City of Hamilton"). The City of Hamilton entered into a 10-year partnership agreement (the "Agreement") with Hamilton Arena Partners Inc. ("HAP"), owned and operated by Nustadia Recreation Inc., to maintain and operate the Centre. The agreement was renewed in 2014 for an extension period of 5 years. The agreement expired on March 5, 2019, and a new agreement has been signed in 2020 for an extended term of 5 years commencing March 6, 2019 to March 5, 2024.

2. Significant account policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Centre are as follows:

(b) Basis of accounting:

The Centre follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Revenues:

Revenues are recognized in the fiscal year in which the related services are performed.

(d) Deferred revenue:

Deferred revenue represents funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(f) Operating and capital reserves and reserve funds

Operating and capital reserves and reserve funds held by the City of Hamilton for use by the Centre are not reported in these financial statements.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Significant account policies (continued):

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Transactions with the City of Hamilton:

(a) Bank account:

HAP has established a bank account in its own name pursuant to the operating agreement between the City of Hamilton and HAP. This bank account is a trust account for the benefit of the City of Hamilton. The City of Hamilton may at any time require that all monies held in the trust bank account be transferred to another separate account maintained by the City of Hamilton.

(b) Ice rentals:

The City of Hamilton shall have available 3,620 hours of prime-time ice at the Centre. The City of Hamilton is responsible for scheduling, invoicing and collecting the revenue for this ice time. During the year, ice rental revenue in the amount of \$563,897 (2019 - \$547,473) with respect to City of Hamilton ice time was included in revenue for the year.

(c) Management fees:

Pursuant to the agreement between the City of Hamilton and HAP, the City of Hamilton has agreed to pay HAP an annual management fee of \$150,000, adjusted annually for increases in the consumer price index for Hamilton, for managing the facility on behalf of the City of Hamilton. In addition, HAP is entitled to an annual commission equal to 10% of the gross revenues from sponsorship, advertising, vending, leasing and pouring and naming rights. During the year, the City of Hamilton paid HAP \$211,239 (2019 - \$224,809) with respect to these management fees and commissions.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Transactions with the City of Hamilton (continued):

(d) Reserves:

The City of Hamilton holds a capital fund reserve in relation to the Centre in the amount of \$649,244 (2019 - \$665,598) to be used primarily to finance major capital repairs to the facility. The capital fund has not been included in the Centre's statement of financial position nor has its operations been included in the statements of operations and changes in net debt.

	2020	2019
Balance, beginning of year	\$ 665,598	\$ 728,571
Expenditures made on capital projects	(106,905)	(185,796)
Contribution to fund future capital projects	75,000	106,280
Interest income earned on the reserve	15,551	16,543
Balance, end of year	\$ 649,244	\$ 665,598

(e) Operating stabilization account:

The City of Hamilton will establish and control a stabilization account to help offset the City of Hamilton's cash requirements in dealing with future operating deficits of the Centre. The account is to be funded from the operating surplus to a maximum of \$30,000 per year. Deposits to the account will continue until the account balance is \$250,000.

As at December 31, 2011, the account was fully funded. Thus, no amounts were contributed to the operating stabilization account in 2020 or 2019. During 2020, the Centre received \$245,000 emergency operational funding from the City of Hamilton due to COVID-19 closure.

(f) Operating deficits and surplus:

Subsequent to the first year of operations, the City of Hamilton and HAP have agreed to each fund 50% of any operating deficit. HAP's obligation to fund an operating deficit in any year is limited to the annual commission income for the year plus \$30,000. For the purposes of calculating the amount of operating deficit for which HAP is annually responsible, the operating deficit will be adjusted to the financial influences of events beyond the control of HAP, including but not limited to decisions of Hamilton City Council which materially reduce facility revenues or increase operating expenses from the amounts in the approved current fiscal year budget, utility rate increases and force majeure, provided that such events: (a) were unforeseen by HAP acting reasonably, and (b) were beyond HAP's control acting reasonably. The first \$30,000 of the operating surplus is to fund the operating stabilization account. The remaining surplus is to be distributed to the City of Hamilton (70%) and HAP (30%).

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Transactions with the City of Hamilton (continued):

(f) Operating deficits and surplus (continued):

In 2019, there was a profit of \$37,829. As the operating stabilization account is fully funded, the entire balance of the surplus is distributed between the City of Hamilton and HAP. In 2020, HAP was subjected to the impacts of the COVID-19 pandemic; more specifically, HAP was mandated to limit and, in some cases, suspend operations, in several phases of the Provincial Emergency Order. The actions taken by HAP to align with the directives of the Province, as well as the City, resulted in a significant operating loss. Consistent with the Operating Agreement with the City of Hamilton, the COVID-19 pandemic qualifies as a force majeure and thus the operating deficit that is normally borne equally by both parties was agreed by the City of Hamilton to be adjusted and borne entirely by the City of Hamilton for 2020.

(g) Debt repayment:

The construction of the Centre was financed through development charges of \$5 million and internal debt of \$12 million. The internal debt charges bear interest at 5.245% and are repayable in blended monthly installments of \$80,828. The debt is held by the City of Hamilton and the Centre receives an internal debt charge allocation for its repayment. Total repayments made by the Centre in 2020 was \$969,924 (2019 - \$969,924).

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Related party transactions:

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivable include receivables, in the normal course of business, from related parties in the following amounts:

	2020	2019
Nustadia Recreation Inc.	\$ 6,201	\$ 13,819

Accounts payable and accrued liabilities includes trade payables, in the normal course of business, to related companies, in the following amounts:

	2020	2019
Hamilton Arena Partners Inc.	\$ 107,046	\$ 42,814
City of Hamilton	–	26,480
Nustadia Recreation Inc.	8,014	3,494

The Centre had the following related party transactions with Nustadia Recreation Inc. during the year:

	2020	2019
Advertising, leasing, and vending revenue recognized by the Centre from contracts administered by Nustadia	\$ 13,300	\$ 31,256
Wage recovery expenses	59,901	72,226

In accordance with the terms of the partnership agreement disclosed in note 3(f), the operating surplus has been allocated as follows:

	2020	2019
City of Hamilton	\$ –	\$ 26,480
Hamilton Arena Partners Inc.	–	11,349
	\$ –	\$ 37,829

MOHAWK 4 ICE CENTRE

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Deferred revenue:

Included in deferred revenue are amounts for ice and facility rentals which will take place in the next fiscal year as well as amounts received for advertising contracts.

	2020	2019
Balance, beginning of year	\$ 417,532	\$ 410,739
Receipts	178,328	417,532
Transfer to revenue	(417,532)	(410,739)
	\$ 178,328	\$ 417,532

6. Budget:

The budget data is based on the 2020 budget approved by the Facility Management Review Team on October 23, 2019.

7. COVID-19:

During the year ended December 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. Several measures were put in place which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable.

The various restrictions imposed by the Province of Ontario resulted in a significant reduction in rentals at the Mohawk 4 Ice Centre. While HAP was able to take measures to reduce costs during the year, the Centre still incurred some unavoidable costs. The ultimate impact on the Centre is not known at this time. Moreover, HAP has determined that they were eligible to claim the Canada Emergency Wage subsidy ("CEWS") and that subsidy was allocated to the Centre. For the year 2020, the subsidy allocation of \$109,805 is included in other on the Statement of Operations.

Financial Statements of

MOHAWK 4 ICE CENTRE

Year ended December 31, 2021

MOHAWK 4 ICE CENTRE

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December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of Hamilton:

Opinion

We have audited the financial statements of Mohawk 4 Ice Centre (the “Centre”), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Centre as at end of December 31, 2021, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 2, 2022

MOHAWK 4 ICE CENTRE

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 429,620	\$ 87,944
Accounts receivable	167,919	37,972
Due from the City of Hamilton	–	299,194
	<u>597,539</u>	<u>425,110</u>
Liabilities		
Accounts payable and accrued liabilities	292,877	291,877
Deferred revenue (note 5)	356,507	178,328
Due to the City of Hamilton	6,484	–
	<u>655,868</u>	<u>470,205</u>
Net debt	(58,329)	(45,095)
Non-financial assets		
Prepaid expenses	58,329	45,095
COVID-19 (note 7)		
Accumulated surplus	\$ –	\$ –

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 6)	2021	2020
Revenues:			
Ice rentals (note 3 (b))	\$ 1,853,570	\$ 1,591,606	\$ 1,500,517
Government assistance (note 3 (f))	249,790	567,234	629,511
League	496,000	186,211	172,607
Leases	141,078	40,190	45,557
Advertising	84,000	39,944	56,976
Vending	13,200	2,658	12,973
Other (note 7)	7,700	25,283	125,998
Tournament	6,000	–	–
Total revenues	2,851,338	2,453,126	2,544,139
Expenses:			
Debt repayment to City of Hamilton (note 3 (g))	969,924	969,924	969,924
Salaries and benefits	564,000	557,638	558,470
Utilities	544,000	391,058	442,137
Management fees (note 3 (c))	218,900	205,903	211,239
Repairs and maintenance	204,000	105,971	130,695
League	178,000	65,953	69,156
Insurance	54,000	54,005	55,293
Bank charges and interest	11,994	8,456	8,073
Office	6,300	7,546	8,605
Professional fees	3,600	4,980	3,430
Telephone	4,560	3,895	4,245
Training	480	1,399	1,590
Marketing and sales	6,630	1,150	5,489
Travel	1,200	248	793
Tournament	2,750	–	–
Booking software	6,000	–	–
Total expenses	2,776,338	2,378,126	2,469,139
Annual Surplus before the undernoted	75,000	75,000	75,000
Transfer to City of Hamilton's Reserve for Capital Projects (note 3 (d))	(75,000)	(75,000)	(75,000)
	–	–	–
Profit share expense (notes 3 (f) and 4)	–	–	–
Annual surplus	–	–	–
Accumulated surplus, beginning of year	–	–	–
Accumulated surplus, end of year	\$ –	\$ –	\$ –

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Changes in Net Debt

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ -	\$ -
(Increase) decrease in prepaid expenses	(13,234)	7,401
Change in net debt	(13,234)	7,401
Net debt, beginning of year	(45,095)	(52,496)
Net debt, end of year	\$ (58,329)	\$ (45,095)

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ -	\$ -
Change in non-cash assets and liabilities:		
Accounts receivable	(129,947)	178,088
Prepaid expenses	(13,234)	7,401
Accounts payable and accrued liabilities	1,000	121,057
Deferred revenue	178,179	(239,204)
Due from City of Hamilton	305,678	(59,057)
Net change in cash	341,676	8,285
Cash, beginning of year	87,944	79,659
Cash, end of year	\$ 429,620	\$ 87,944

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2021

1. Nature of operations:

The Mohawk 4 Ice Centre (the "Centre") is a four pad arena complex owned by The Corporation of the City of Hamilton ("City of Hamilton"). The City of Hamilton entered into a 10-year partnership agreement (the "Agreement") with Hamilton Arena Partners Inc. ("HAP"), owned and operated by Nustadia Recreation Inc., to maintain and operate the Centre. The agreement was renewed in 2014 for an extension period of 5 years. The agreement expired on March 5, 2019, and a new agreement has been signed in 2020 for an extended term of 5 years commencing March 6, 2019 to March 5, 2024.

2. Significant account policies:

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Centre are as follows:

(a) Basis of accounting:

The Centre follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Revenues:

Revenues are recognized in the fiscal year in which the related services are performed.

(c) Deferred revenue:

Deferred revenue represents funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(e) Operating and capital reserves and reserve funds

Operating and capital reserves and reserve funds held by the City of Hamilton for use by the Centre are not reported in these financial statements.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2021

3. Transactions with the City of Hamilton:

(a) Bank account:

HAP has established a bank account in its own name pursuant to the operating agreement between the City of Hamilton and HAP. This bank account is a trust account for the benefit of the City of Hamilton. The City of Hamilton may at any time require that all monies held in the trust bank account be transferred to another separate account maintained by the City of Hamilton.

(b) Ice rentals:

The City of Hamilton shall have available 3,620 hours of prime-time ice at the Centre. The City of Hamilton is responsible for scheduling, invoicing and collecting the revenue for this ice time. During the year, ice rental revenue in the amount of \$580,820 (2020 - \$563,897) with respect to City of Hamilton ice time was included in revenue for the year.

(c) Management fees:

Pursuant to the agreement between the City of Hamilton and HAP, the City of Hamilton has agreed to pay HAP an annual management fee of \$150,000, adjusted annually for increases in the consumer price index for Hamilton, for managing the facility on behalf of the City of Hamilton. In addition, HAP is entitled to an annual commission equal to 10% of the gross revenues from sponsorship, advertising, vending, leasing and pouring and naming rights. During the year, the City of Hamilton paid HAP \$205,903 (2020 - \$211,239) with respect to these management fees and commissions.

(d) Reserves:

The City of Hamilton holds a capital fund reserve in relation to the Centre in the amount of \$467,046 (2020 - \$397,140) to be used primarily to finance major capital repairs to the facility. The capital fund has not been included in the Centre's statement of financial position nor has its operations been included in the statements of operations and changes in net debt.

	2021	2020
Balance, beginning of year	\$ 397,140	\$ 665,603
Expenditures made on capital projects	(14,147)	(356,905)
Contribution to fund future capital projects	75,000	75,000
Interest income earned on the reserve	9,053	13,442
Balance, end of year	\$ 467,046	\$ 397,140

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2021

3. Transactions with the City of Hamilton (continued):

(e) Operating stabilization account:

The City of Hamilton will establish and control a stabilization account to help offset the City of Hamilton's cash requirements in dealing with future operating deficits of the Centre. The account is to be funded from the operating surplus to a maximum of \$30,000 per year. Deposits to the account will continue until the account balance is \$250,000.

As at December 31, 2011, the account was fully funded. Thus, no amounts were contributed to the operating stabilization account in 2021 or 2020. Annual contributions of the operating surplus to a maximum of \$30,000 per year will begin again in 2022 and will continue until the account balance is \$250,000. During 2021, the Centre received \$390,000 (2020 - \$245,000) emergency operation funding from the City of Hamilton due to COVID-19 closure.

(f) Operating deficits and surplus:

Subsequent to the first year of operations, the City of Hamilton and HAP have agreed to each fund 50% of any operating deficit. HAP's obligation to fund an operating deficit in any year is limited to the annual commission income for the year plus \$30,000. For the purposes of calculating the amount of operating deficit for which HAP is annually responsible, the operating deficit will be adjusted to the financial influences of events beyond the control of HAP, including but not limited to decisions of Hamilton City Council which materially reduce facility revenues or increase operating expenses from the amounts in the approved current fiscal year budget, utility rate increases and force majeure, provided that such events: (a) were unforeseen by HAP acting reasonably, and (b) were beyond HAP's control acting reasonably. The operating stabilization account. The remaining surplus is to be distributed to the City of Hamilton (70%) and HAP (30%).

Starting in 2020, HAP was subjected to the impacts of the COVID-19 pandemic; more specifically, HAP was mandated to limit and, in some cases, suspend operations, in several phases of the Provincial Emergency Order. The actions taken by HAP to align with the directives of the Province, as well as the City, resulted in a significant operating loss during both 2020 and 2021. Consistent with the Operating Agreement with the City of Hamilton, the COVID-19 pandemic qualifies as a force majeure and thus the operating deficit that is normally borne equally by both parties was agreed by the City of Hamilton to be adjusted and borne entirely by the City of Hamilton for 2020 and 2021.

(g) Debt repayment:

The construction of the Centre was financed through development charges of \$5 million and internal debt of \$12 million. The internal debt charges bear interest at 5.245% and are repayable in blended monthly installments of \$80,827. The debt is held by the City of Hamilton and the Centre receives an internal debt charge allocation for its repayment. Total repayments made by the Centre in 2021 was \$969,924 (2020 - \$969,924).

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2021

4. Related party transactions:

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivables include receivables, in the normal course of business, from related parties in the following amounts:

	2021	2020
Nustadia Recreation Inc.	\$ 21,976	\$ 6,201

Accounts payable and accrued liabilities includes trade payables, in the normal course of business, to related companies, in the following amounts:

	2021	2020
Hamilton Arena Partners Inc.	\$ 102,272	\$ 107,046
Nustadia Recreation Inc.	3,609	8,014

The Centre had the following related party transactions with Nustadia Recreation Inc. during the year:

	2021	2020
Advertising, leasing, and vending revenue recognized by the Centre from contracts administered by Nustadia	\$ 4,700	\$ 13,300
Wage recovery of Nustadia from the Centre	37,659	39,372
Wage recovery of the Centre from Nustadia	45,206	20,529

5. Deferred revenue:

Included in deferred revenue are amounts for ice and facility rentals which will take place in the next fiscal year as well as amounts received for advertising contracts.

	2021	2020
Balance, beginning of year	\$ 178,328	\$ 417,532
Receipts	356,507	178,328
Transfer to revenue	(178,328)	(417,532)
Balance, end of year	\$ 356,507	\$ 178,328

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2021

6. Budget:

The budget data is based on the 2021 budget approved by the Facility Management Review Team on September 25, 2020.

7. COVID-19:

During the year ended December 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. Several measures were put in place which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses, and organizations globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; however, the success of these interventions is not currently determinable.

The various restrictions imposed by the Province of Ontario resulted in a significant reduction in rentals at the Mohawk 4 Ice Centre. While HAP was able to take measures to reduce costs during the period, the Centre still incurred some unavoidable costs. HAP has determined that they were eligible to claim the Canada Emergency Wage subsidy ("CEWS") and that subsidy was allocated to the Centre. For the year 2021, the subsidy allocation of \$21,697 (2020 - \$109,805) is included in other revenue on the Statement of Operations.

Financial Statements of

MOHAWK 4 ICE CENTRE

Year ended December 31, 2022

MOHAWK 4 ICE CENTRE

Financial Statements

December 31, 2022, with comparative information for 2021

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INDEPENDENT AUDITOR’S REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of Hamilton:

Opinion

We have audited the financial statements of Mohawk 4 Ice Centre (the “Centre”), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Centre as at end of December 31, 2022, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 16, 2023

MOHAWK 4 ICE CENTRE

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 482,318	\$ 429,620
Accounts receivable	233,304	167,919
	<u>715,622</u>	<u>597,539</u>
Liabilities		
Accounts payable and accrued liabilities	228,126	292,877
Deferred revenue (note 5)	435,300	356,507
Due to the City of Hamilton	114,229	6,484
	<u>777,655</u>	<u>655,868</u>
Net debt	(62,033)	(58,329)
Non-financial assets		
Prepaid expenses	62,033	58,329
Accumulated surplus	\$ —	\$ —

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 6)	2022	2021
Revenues:			
Ice rentals (note 3 (b))	\$ 2,362,248	\$ 2,379,840	\$ 1,591,606
League	507,000	524,310	186,211
Leases	161,488	111,949	40,190
Advertising	102,000	97,213	39,944
Vending	24,000	20,236	2,658
Other	13,200	30,198	25,283
Government assistance (note 3 (f))	–	–	567,234
Tournament	5,000	–	–
Total revenues	3,174,936	3,163,746	2,453,126
Expenses:			
Debt repayment to City of Hamilton (note 3 (g))	969,924	969,924	969,924
Salaries and benefits	804,000	878,232	557,638
Utilities	580,000	540,090	391,058
Management fees (note 3 (c))	224,232	226,526	205,903
Repairs and maintenance	224,000	167,585	105,971
League	192,000	161,745	65,953
Insurance	54,000	62,841	54,005
Bank charges and interest	12,000	5,921	8,456
Office	8,400	7,673	7,546
Professional fees	3,600	3,600	4,980
Telephone	4,620	4,388	3,895
Training	4,800	920	1,399
Marketing and sales	8,400	9,878	1,150
Travel	960	1,471	248
Tournament	3,000	–	–
Booking software	6,000	–	–
Total expenses	3,099,936	3,040,794	2,378,126
Annual Surplus before the undernoted	75,000	122,952	75,000
Transfer to City of Hamilton's Reserve for Capital Projects (note 3 (d))	(75,000)	(75,000)	(75,000)
	–	47,952	–
Profit share expense (notes 3 (f) and 4)	–	47,952	–
Annual surplus	–	–	–
Accumulated surplus, beginning of year	–	–	–
Accumulated surplus, end of year	\$ –	\$ –	\$ –

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Changes in Net Debt

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Annual surplus	\$ —	\$ —
Increase in prepaid expenses	(3,704)	(13,234)
Change in net debt	(3,704)	(13,234)
Net debt, beginning of year	(58,329)	(45,095)
Net debt, end of year	\$ (62,033)	\$ (58,329)

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ -	\$ -
Change in non-cash assets and liabilities:		
Accounts receivable	(65,385)	(129,947)
Prepaid expenses	(3,704)	(13,234)
Accounts payable and accrued liabilities	(64,751)	1,000
Deferred revenue	78,793	178,179
Due to City of Hamilton	107,745	305,678
Net change in cash	52,698	341,676
Cash, beginning of year	429,620	87,944
Cash, end of year	\$ 482,318	\$ 429,620

See accompanying notes to financial statements.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2022

1. Nature of operations:

The Mohawk 4 Ice Centre (the "Centre") is a four pad arena complex owned by The Corporation of the City of Hamilton ("City of Hamilton"). The City of Hamilton entered into a 10-year partnership agreement (the "Agreement") with Hamilton Arena Partners Inc. ("HAP"), owned and operated by Nustadia Recreation Inc., to maintain and operate the Centre. The agreement was renewed in 2014 for an extension period of 5 years. The agreement expired on March 5, 2019, and a new agreement has been signed in 2020 for an extended term of 5 years commencing March 6, 2019 to March 5, 2024.

2. Significant account policies:

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Centre are as follows:

(a) Basis of accounting:

The Centre follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Revenues:

Revenues are recognized in the fiscal year in which the related services are performed.

(c) Deferred revenue:

Deferred revenue represents funds collected for which related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year in which the related services are performed.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(e) Operating and capital reserves and reserve funds

Operating and capital reserves and reserve funds held by the City of Hamilton for use by the Centre are not reported in these financial statements.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2022

3. Transactions with the City of Hamilton:

(a) Bank account:

HAP has established a bank account in its own name pursuant to the operating agreement between the City of Hamilton and HAP. This bank account is a trust account for the benefit of the City of Hamilton. The City of Hamilton may at any time require that all monies held in the trust bank account be transferred to another separate account maintained by the City of Hamilton.

(b) Ice rentals:

The City of Hamilton shall have available 3,620 hours of prime-time ice at the Centre. The City of Hamilton is responsible for scheduling, invoicing and collecting the revenue for this ice time. During the year, ice rental revenue in the amount of \$598,248 (2021 - \$580,820) with respect to City of Hamilton ice time was included in revenue for the year.

(c) Management fees:

Pursuant to the agreement between the City of Hamilton and HAP, the City of Hamilton has agreed to pay HAP an annual management fee of \$150,000, adjusted annually for increases in the consumer price index for Hamilton, for managing the facility on behalf of the City of Hamilton. In addition, HAP is entitled to an annual commission equal to 10% of the gross revenues from sponsorship, advertising, vending, leasing and pouring and naming rights. During the year, the City of Hamilton paid HAP \$226,526 (2021 - \$205,903) with respect to these management fees and commissions.

(d) Reserves:

The City of Hamilton holds a capital fund reserve in relation to the Centre in the amount of \$397,201 (2021 - \$467,046) to be used primarily to finance major capital repairs to the facility. The capital fund has not been included in the Centre's statement of financial position nor has its operations been included in the statements of operations and changes in net debt.

	2022	2021
Balance, beginning of year	\$ 467,046	\$ 397,140
Expenditures made on capital projects	(155,431)	(14,147)
Contribution to fund future capital projects	75,000	75,000
Interest income earned on the reserve	10,586	9,053
Balance, end of year	\$ 397,201	\$ 467,046

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2022

3. Transactions with the City of Hamilton (continued):

(e) Operating stabilization account:

The City of Hamilton will establish and control a stabilization account to help offset the City of Hamilton's cash requirements in dealing with future operating deficits of the Centre. The account is to be funded from the operating surplus to a maximum of \$30,000 per year. Deposits to the account will continue until the account balance is \$250,000.

As at December 31, 2011, the account was fully funded. Thus, no amounts were contributed to the operating stabilization account in 2022 or 2021. Annual contributions of the operating surplus to a maximum of \$30,000 per year will begin again in 2022 and will continue until the account balance is \$250,000. During 2022, the Centre did not receive any emergency operation funding from the City of Hamilton due to COVID-19 closure (2021 - \$390,000).

(f) Operating deficits and surplus:

Subsequent to the first year of operations, the City of Hamilton and HAP have agreed to each fund 50% of any operating deficit. HAP's obligation to fund an operating deficit in any year is limited to the annual commission income for the year plus \$30,000. For the purposes of calculating the amount of operating deficit for which HAP is annually responsible, the operating deficit will be adjusted to the financial influences of events beyond the control of HAP, including but not limited to decisions of Hamilton City Council which materially reduce facility revenues or increase operating expenses from the amounts in the approved current fiscal year budget, utility rate increases and force majeure, provided that such events: (a) were unforeseen by HAP acting reasonably, and (b) were beyond HAP's control acting reasonably. The first \$30,000 of the operating surplus is to fund the operating stabilization account. The remaining surplus is to be distributed to the City of Hamilton (70%) and HAP (30%).

In 2020, HAP was subjected to the impacts of the COVID-19 pandemic; more specifically, HAP was mandated to limit and, in some cases, suspend operations, in several phases of the Provincial Emergency Order. The actions taken by HAP to align with the directives of the Province, as well as the City, resulted in a significant operating loss. Consistent with the Operating Agreement with the City of Hamilton, the COVID-19 pandemic qualifies as a force majeure and thus the operating deficit that is normally borne equally by both parties was agreed by the City of Hamilton to be adjusted and borne entirely by the City of Hamilton for 2020 and 2021. Through discussion between parties, it was agreed that the whole of the surplus for 2022 would be distributed entirely to City of Hamilton \$47,952.

(g) Debt repayment:

The construction of the Centre was financed through development charges of \$5 million and internal debt of \$12 million. The internal debt charges bear interest at 5.245% and are repayable in blended monthly installments of \$80,827. The debt is held by the City of Hamilton and the Centre receives an internal debt charge allocation for its repayment. Total repayments made by the Centre in 2022 was \$969,924 (2021 - \$969,924).

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2022

4. Related party transactions:

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivables include receivables, in the normal course of business, from related parties in the following amounts:

	2022	2021
Nustadia Recreation Inc.	\$ 21,822	\$ 21,976

Accounts payable and accrued liabilities includes trade payables, in the normal course of business, to related companies, in the following amounts:

	2022	2021
Hamilton Arena Partners Inc.	\$ 70,494	\$ 102,272
Nustadia Recreation Inc.	2,938	3,609

The Centre had the following related party transactions with Nustadia Recreation Inc. during the year:

	2022	2021
Advertising, leasing, and vending revenue recognized by the Centre from contracts administered by Nustadia	\$ 23,057	\$ 4,700
Wage recovery of Nustadia from the Centre	42,078	37,659
Wage recovery of the Centre from Nustadia	56,777	45,206

MOHAWK 4 ICE CENTRE

Notes to Financial Statements

Year ended December 31, 2022

5. Deferred revenue:

Included in deferred revenue are amounts for ice and facility rentals which will take place in the next fiscal year as well as amounts received for advertising contracts.

	2022	2021
Balance, beginning of year	\$ 356,507	\$ 178,328
Receipts	1,993,919	356,507
Transfer to revenue	(1,915,126)	(178,328)
Balance, end of year	\$ 435,300	\$ 356,507

6. Budget:

The budget data is based on the 2022 budget approved by the Facility Management Review Team on September 22, 2021.



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Hamilton Fire Department

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	March 21, 2024
SUBJECT/REPORT NO:	Approval Authority of Non-Competitive Procurement of Fire Apparatus (HSC24008) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Debbie Spence (905) 546-2424 Ext. 3395
SUBMITTED BY:	David Cunliffe Chief, Hamilton Fire Department Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION

That Council approve the method of spot buying as described in this Report for four (4) firefighting apparatus meeting Hamilton Fire Department's operational needs, specifications, and budget expectations for the immediate purchase and delivery from authorized apparatus dealer(s) or manufacturers until December 31, 2025 and that the General Manager, Healthy and Safe Communities Department or their designate be authorized to negotiate, enter into and execute contracts and any ancillary documents provided such are in accordance with the requirements set out in Appendix A of Report HSC24008.

EXECUTIVE SUMMARY

The Hamilton Fire Department is seeking the approval of Council to spot buy a total of four (4) apparatus from March 2024 to December 31, 2025; all of which have received capital budget approval. A spot buy approach would enable staff to purchase firefighting apparatus directly from dealer lots, significantly reducing the time to acquire and could save an estimated total of \$1.6M to \$2M. The spot buy process outlined in Appendix A would include staff contacting potential vendors to determine if apparatus are available and that they meet various requirements and qualifications; the completion of a checklist form; and all purchases reported to Procurement and included in quarterly Committee and Council reports.

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SUBJECT: Approval Authority of Non-Competitive Procurement of Fire Apparatus (HSC24008) (City Wide) - Page 2 of 6

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Cost savings estimated at \$1.6M – \$2M due to the change in purchase of completed, stock apparatus that are available for immediate delivery and based on the most recent Request for Tender bids versus cost for a similar stock apparatus currently available for sale.

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Post-Covid, manufacturers of firefighting apparatus experienced challenges and changes that included long-term supply chain issues that continue to create significant backlogs, annual price increases, and a shift to manufacturing more standardized (i.e. stock) apparatus without pre-orders. For the Hamilton Fire Department these changes have resulted in longer wait times for delivery of the units (now three (3) years as opposed to one (1) and a half) and significantly higher prices (recent bids received were double the expected budget per apparatus).

Additional time and costs not only impact the purchase of new or replacement apparatus, they create a strain on existing resources and assets. Long delivery lead times for replacement vehicles impact the overall fleet of apparatus and the staffing required for maintenance and repair. Even with redundancies, if an apparatus cannot be replaced in a timely manner, it creates potential risks and impacts to the community for assets that have reached the end of their lifecycle. The main risk and impact are that an older apparatus spends more time out of service. Increased delays to replace apparatuses or adding new apparatuses result in progressively worse impacts to the fleet and increase the staff hours needed to repair and maintain older apparatuses.

Most Canadian Fire Departments have had to re-think their overall approach and processes to procuring apparatuses. Several municipalities have aligned their procurement processes with the recent industry shift and have moved to purchasing stock apparatus that are available on dealer lots and have received approval for these direct off the lot purchases. The ability to buy apparatus on the spot enables Fire Departments to manage the key aspects of cost and time by confirming and locking in current day pricing as opposed to being subject to manufacturer projected costs once an apparatus is built. The spot buy process enables staff to access a more competitively priced asset and take delivery of apparatuses to align with capital vehicle replacement schedules.

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SUBJECT: Approval Authority of Non-Competitive Procurement of Fire Apparatus (HSC24008) (City Wide) - Page 3 of 6

The Hamilton Fire Department submits annual and multi-year budget forecasts that include and outline projected needs for apparatus and equipment, etc. Acquiring firefighting apparatus has many unique challenges that include the small number of manufacturers that supply these specialty vehicles and the lengthy timelines to manufacture. Purchasing needs are determined by factors such as lifecycle and condition of existing apparatus in conjunction with emerging or projected needs for new and/or replacement apparatus that are determined by data (i.e., review of various community risk factors), industry and safety standards, and direction from Council. Apparatus such as pumpers, engines etc., have a lifecycle of 20 years and replacement schedules are carefully managed and monitored so apparatus do not exceed their end of life. This means any changes to timelines for the acquisition of new or replacement apparatus are reviewed closely, and replacement schedules modified accordingly. Managing time and cost has been a consistent challenge since Covid.

To help navigate long-term supply chain issues that result in significantly longer delivery timeframes and price increases, staff recommended and received approval through the budget process to modify capital budgets so the purchasing process could begin sooner (i.e., annual budget line amounts are set but acquisition years were brought forward to ensure apparatus would be received in the year needed.). Staff consistently monitor and track changes in acquisition timelines and diligently review apparatus prices. Price increases are often a result of inflation and other industry-related factors such as changes in labour and material costs.

The Hamilton Fire Department's current process for purchasing firefighting apparatus is to issue a Request for Tender and to then place an order with the selected vendor who builds the apparatus from scratch. Pre-pandemic, this was a one (1) and a half year process. Today, it is documented that building from scratch once the order is placed takes at least three (3) years, not including the City's procurement process timelines. The apparatuses received by the Hamilton Fire Department in 2023 included a foam truck, trail rescue vehicle, and two (2) ladder trucks. These apparatus purchases were placed with vendors in 2019 and 2020 and took at least three (3) years to construct and deliver.

In March 2023, the Hamilton Fire Department initiated a Request for Tender process to purchase Rural Pumper Firefighting Apparatus and in May/June 2023 the Request for Tender was posted to the City's Bids and Tenders website. The result of this process was that two bids were received at double the budgeted price per apparatus (i.e. bids came back at \$700K – \$800K over the cost estimates per apparatus). Staff made the decision to cancel the Request for Tender since the bids were significantly over budget. Due to high pricing and no other viable options, no apparatus purchases were initiated in 2023.

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SUBJECT: Approval Authority of Non-Competitive Procurement of Fire Apparatus (HSC24008) (City Wide) - Page 4 of 6

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

This Report is in accordance with By-law 20-205 as amended, the City's Procurement Policy.

Council must approve any requests for negotiations for: (a) a single source as set out in subsection (1)(b) of this Policy #11, where the cumulative value of the Policy 11 exceeds a multi-year value of the proposed procurement is \$250,000 or greater. For greater clarity, the total cumulative value of a Policy 11 shall not exceed \$250,000 in any given year or multiple consecutive years.

RELEVANT CONSULTATION

Staff consulted with comparable cities such as Toronto, Ottawa, London, Mississauga, and Windsor to gather and understand a range of alternate procurement practices for Firefighting apparatus. Most cities have put forward Council reports requesting the authority to sole source in the last two (2) to three (3) years; two (2) cities received approval to participate in the Sourcewell/Canoe buying group; and a few received approval to purchase stock apparatus directly from dealer lots. Some additional details of the alternative procurement options include:

- Toronto's expedited Request for Information process that quickly gathered information to help them select and procure an electric fire truck.
- The City of Ottawa Fire Department received approval from Council to purchase completed stock pumpers that are available for immediate purchase.
- London, Ontario Fire Department has been successful with acquiring several stock apparatuses through Sourcewell in 2023 and planning more to be received in 2025.
- The City of Mississauga Fire Department completed a Request for Proposal for the scope of five (5) years and received Council approval to award contracts over a three-year period that helped secure prices avoiding year over year increases and reduce timeframes to acquire a significant number of vehicles.
- In January 2023, the City of Vancouver requested a similar five-year term with one manufacturer to purchase 14 apparatus.

Staff have also consulted with staff from Corporate Services, Legal Services and Risk Management Division and the Procurement Division, with respect to adherence to the Procurement Policy and in respect of the recommendations incorporated into this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The option of spot buying firefighting apparatus will resolve significant time delays and help manage budgets by reducing costs per apparatus and result in estimated total cost saving of \$1.6M – \$2M.

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SUBJECT: Approval Authority of Non-Competitive Procurement of Fire Apparatus (HSC24008) (City Wide) - Page 5 of 6

Details of the Apparatus to be Purchased (if approved) via Spot Buy:

Type of Apparatus	Estimated Number to be Purchased	Estimated Cost/Unit as per Approved Capital Budget
Urban Pumpers	3	\$900K - \$1M
Rural Pumper	1	\$950K - \$1M
TOTAL	4	\$3,650,000 - \$4M

If apparatus cannot be replaced or new ones acquired in a timely manner, even with redundancies built into the system, there are costs and impacts to the current fleet and community such as additional:

- Staff hours/resources required for repairs and maintenance for existing fleet.
- Material costs for parts and third-party servicing of existing fleet apparatus.
- Hours and weeks apparatus are out of service/unavailable to respond.
- Strain on the overall fleet (including spare apparatus) to ensure apparatus coverage across the City; and
- Risk to life safety and property loss within the City of Hamilton. For example, using the Ontario Fire Marshal's risk assessment tool for probability and consequences, there is an increased or moderate risk to the community in potential situations where older apparatus are out of service during periods of increased call volume for multiple alarm incidents.

Staff have investigated a wide range of options within the current Procurement Policy to assist in locating and purchasing apparatus to mitigate supply chain risks and costs. Unfortunately, options under the Procurement By-law in combination with the process of building apparatus from scratch will result in a minimum of three (3) years to receive the asset along with accompanying cost increases. These increased costs involve both the purchase of new/replacement apparatus, maintenance of existing fleet apparatus as they age and require more repairs, and costs associated with emissions testing and time out of service. Having the ability to spot buy also reflects the commitment to purchase stock (i.e., non-customized) apparatus that still meet Hamilton Fire Department specifications and functional / operational requirements, as well as pre-orders or built from scratch to help manage the variables of delivery lead times and cost. This continuous improvement approach (i.e., identifying ways to streamline work and reduce wait times) will help ensure the Hamilton Fire Department has access to options that will enable the timely purchase and acquisition of firefighting apparatus. The process for deciding when and what apparatus are required will not change (i.e. lifecycle management, capital budget process and approval from Council, review of requirements and specifications, etc.).

ALTERNATIVES FOR CONSIDERATION

None

**SUBJECT: Approval Authority of Non-Competitive Procurement of Fire
Apparatus (HSC24008) (City Wide) - Page 6 of 6**

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report HSC24008: Spot Buy Process

Spot Buy Process

Step 1: Vendor Contacts

Before contacting any vendors staff in the Hamilton Fire Department's Mechanical Division will ensure that the potential vendors:

- i. are in good standing with the City of Hamilton.
- ii. can meet the specifications and requirements*.
- iii. can meet the vendor qualifications**; and
- iv. receive same amount of time (i.e. 10 business days) to respond to Hamilton Fire Department staff.

*Specification and Requirements are standard and overseen by various governing bodies such as Transportation Canada, National Standard of Canada, National Fire Protection Association, Ontario Highway and Traffic Act etc. All apparatus must be built to the following standards:

- CAN/ULC-S515-13 (or most current edition at time of bid submission),
- National Standard of Canada, Standard for Automobile Fire Fighting Apparatus, Third Edition (2013)
- National Fire Protection Association (NFPA) 1901 2016 Edition
- Standard for Automotive Fire Apparatus 2016 Edition, where possible and not in conflict with CAN/ULC-S515-13
- Transport Canada current regulations and requirements for commercial vehicles, including Canada Motor Vehicle Safety Standards (CMVSS)
- Ontario Highway Traffic Act current regulations and requirements for commercial vehicles

All Pump/Engine (diesel) apparatus must have:

- Medium Four Door raised roof Cab
- Aluminum or stainless-steel Fire Body
- Diesel Engine
- Allison automatic transmission
- National Fire Protection Association compliant hose storage
- National Fire Protection Association compliant fire pump
- National Fire Protection Association compliant Foam system
- National Fire Protection Association compliant water and foam storage tank/tanks
- Ground ladders 24'-14' roof-10' folding attic
- National Fire Protection Association compliant 'E' Light package
- A minimum of 1700 cubic feet interior compartment storage
- Electronic pressure governor
- Front Disk Brakes Rear Drum Brakes
- Multiplexed electrical system

****Vendor Qualifications include:**

Service/Warranty Provider Qualification And Procedures

DEALER 310T MECHANIC

The service/warranty provider shall have qualified service staff. Part of the qualification requirement is for the dealer to employ a full-time 310T "Truck and Coach Technician".

Proof of qualifications shall be provided at the time of selection – before staff sign the bill of sale.

DEALER EVT LEVEL I, II, MASTER TECHNICIAN

The Ontario-based service/warranty provider shall have qualified service staff. Part of the qualification requirement is for the dealer to employ a minimum of one full-time Emergency Vehicle Technician with EVT Fire Apparatus Master Technician certifications.

Proof of qualifications shall be required prior to award.

DEALER EVT TECHNICIAN

The dealer shall have qualified service staff. Part of the qualification requirement is for the dealer to employ a minimum of one full-time Emergency Vehicle Technician, with combined qualifications of a minimum of six (6) of the following EVT certifications:

- F1 Maintenance, Inspection, and Testing of Fire Apparatus
- F2 Design and Performance Standards of Fire Apparatus
- F3 Fire Pumps and Accessories
- F4 Fire Apparatus Electrical Systems
- F5 Aerial Fire Apparatus
- F6 Allison Automatic Transmissions
- F7 Fire Apparatus Foam Systems
- F8 Fire Apparatus Hydraulic Systems
- FA4 Advanced Electrical Systems

Proof of qualifications shall be required prior to award.

WARRANTY REPAIRS SERVICE

NOTE: The Successful vendor/dealer shall be the sole point of contact for the Hamilton Fire Department for the manufacturer, builder, authorized dealer and warranty provider in any case where the Successful vendor/dealer is not the same entity as those listed on the bill of sale and shall be responsible for any and all Contract related items.

In the event that warranty repairs are corrected by the Mechanical Division of Hamilton Fire Department, an invoice covering all parts, any labour and associated shop costs shall be sent to the Successful Bidder for payment to the City of Hamilton. The dealer/manufacture shall reimburse the City for all such costs incurred and described

above within 30 calendar days after receipt of an agreed to invoice for any such repairs. This means the vendor has the first right of refusal to complete the repairs.

WARRANTY REPAIRS, SERVICE CENTER AND PARTS DEPOT

The Successful vendor/dealer shall supply a "Single Source Warranty" that will include the entire Fire Apparatus and that the successful vendor will be the single point of contact responsible for all aspects of the warranty claim process including the administration of all required warranty claim documentation, as indicated by Fire Apparatus type:

i. Fire Apparatus – Urban/Rural Pump or other apparatus – 5 years

"Single Source Warranty" shall mean that the Successful vendor/dealer shall administer and manage all aspects of the fire apparatus including components used in the manufacturing and design of the apparatus for the entirety of the warranty period.

The Successful vendor shall have or be able to provide a factory authorized service center/provider as well as factory-trained Master Emergency Vehicle Technicians and when necessary 310T licensed mechanics. The factory authorized service center/provider shall be Ontario Based and within 100 km radius of the City of Hamilton and provide on-site mobile warranty services at the Hamilton Fire Department Mechanical Division. Service requests shall be acknowledged in writing (email) and actioned within 36 hours of request and/or within a mutually agreed upon time by the Chief Mechanical Officer or designate.

The authorized service center/provider shall be responsible for facilitating the movement of the Apparatus requiring service to and from the authorized service center/provider or to the manufacturer facility in the event of major repair as deemed necessary.

The factory authorized service center/provider shall be responsible for all associated costs to facilitate the movement of apparatus requiring service for warranty claims made within the warranty period.

The authorized service/centre provider will provide and maintain a detailed written record of all warranty work completed, which will include all associated parts used. Warranty period shall begin at date of final acceptance.

All of the above specifications and requirements and vendor qualifications are standard as of February 20, 2024 and are subject to change. The Fire Chief, Chief Mechanical Officer, and/or designate will have the ability to review the specifications and requirements and vendor qualifications provided by potential vendors and make minor adjustments to the above (i.e. some flexibility to requirements and qualifications can be determined by Fire Department staff).

Step 2: Emailing Vendors

The Hamilton Fire Department maintains and updates a list of apparatus dealers that can meet our specs and requirements. Currently, this list consists of nine (9) potential vendors.

Should the City be made aware of any other vendors who can provide the apparatus and fulfil the requirements set out in this Appendix, the vendor shall be added to the list of Vendor Contacts.

From the period of March 2024 to December 31, 2025, Hamilton Fire Department staff in the Mechanical Division will reach out via email to all nine (9) firefighting apparatus vendors (more vendors will be added as staff become aware of new ones) several times per year or as needed to determine if they have the required apparatus (i.e. a rural pump or urban pumps) available on their lot for immediate purchase that meet the approved capital budgets per apparatus. Staff will reach out to potential vendors until all required apparatus are acquired. If the Hamilton Fire Department is contacted by a vendor stating that they have a required apparatus; only if there is a current need, staff will email all known dealers to ensure all dealers/manufacturers have an opportunity to provide information on their available stock apparatus.

The email sent by Mechanical Division staff will outline the specifications and requirements* for the pump/apparatus as identified in Step 1 or as updated by the Ministry of Transportation and will provide the requirements needed to be a qualified vendor**.

Step 3: Document Vendors Contacted with Apparatus Details

Spot Buy Contact Form (staff will complete for all the vendors contacted)

Spot Buy Enquiry #: (each new enquiry will have a new number) _____

Enquiry made for Pump Apparatus Type (rural or urban): _____

Number of Pumps Enquired for: _____

Name of Vendor Contacted: _____

Vendor Email: _____

Vendor's Representative Name: _____

Date Contacted: _____

Did Vendor Respond that they had immediate stock that meets specifications and requirements (yes/no): _____

Did Vendor Respond and provide documentation that they meet Vendor Qualifications: (yes/no): _____

Type of Pump Available (rural or urban) from vendor and other details: _____

Cost provided by vendor: _____

Step 4

Hamilton Fire Department staff review vendor responses and recommend vendor

Once all vendors have had 10 days to respond; Hamilton Fire Department staff will confirm if any vendors met our spot buy needs including the specifications and requirements and budget.

In the case where more than one vendor has the available apparatus the vendor who has the lowest price and meets all requirements will be selected.

If more than one (1) vendor meets all our spot buy needs and they have the same/similar price, then staff will utilize the same selection criteria as determining vendors for RFT, RFQ, and RFP bids and directly engage the Procurement team with a further review of potential vendors. In this case, the Hamilton Fire Department staff will work with Legal and Procurement to put together a templated bid sheet, listing out all requirements, warranty, criteria etc. to review and determine the successful vendor.

Step 5

Confirmation of Vendor

Once the final vendor has been selected, and just before staff sign the final bill of sale, the Hamilton Fire Department staff will share for information only the draft final bill of sale documentation with Procurement staff and documentation from Step 3 for Procurements records.

Step 6

Purchase

Hamilton Fire Department staff will input a requisition into PeopleSoft for the purchase and a Purchase Order will be generated for the procurement of the apparatus. The payment of the apparatus will be processed through an invoice to the City of Hamilton.

Step 7

Internal Documentation for Procurement Reports & Records

Following the receipt of invoice and confirmation of purchase, Hamilton Fire Department staff will provide all forms and documentation related to the spot buy enquiry (including all email correspondence to all vendors contacted) along with the purchase agreement with price and details of apparatus, and total apparatus purchased to date via the spot buy process to staff in Procurement for their records.



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Ontario Works Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 21, 2024
SUBJECT/REPORT NO:	Appointment of Administrator of Ontario Works (HSC18001(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Michelle Stephenson 905-546-2424 ext. 7869
SUBMITTED BY:	Angie Burden General Manager Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION

- (a) That the appointment of Stuart Beumer as the Administrator of Ontario Works be approved; and,
- (b) That the appointment of Stuart Beumer as the Administrator of Ontario Works be submitted to the Ministry of Community and Social Services for approval.

EXECUTIVE SUMMARY

On March 25, 2024, Stuart Beumer was appointed as the Director of Ontario Works following the retirement of the Director, Bonnie Elder.

Pursuant to the *Ontario Works Act, 1997*, (the Act), the Director of Ontario Works is required to approve the appointment of Administrators to oversee the administration of Ontario Works. Through this approval, Administrators are provided the authority to administer the Act and provide employment assistance and basic financial assistance according to provincial standards.

Report HSC18001(b) requests that Stuart Beumer's appointment as the Administrator of Ontario Works for the City of Hamilton be approved.

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SUBJECT: Appointment of Administrator of Ontario Works (HSC18001(b)) (City Wide) - Page 2 of 3

Alternatives for Consideration – Not Applicable**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: none

Staffing: none

Legal: Section 43 of the *Ontario Works Act, 1997*, states that, “each delivery agent shall appoint an administrator to oversee the administration of the Act and the provision of assistance in the delivery agents’ geographical area.” This appointment is subject to the approval of the Ministry of Community and Social Services.

HISTORICAL BACKGROUND

With the departure of the Director of Ontario Works, Bonnie Elder, a replacement Administrator of the Ontario Works Act needs to be identified and put forward to the Ministry of Community and Social Services for approval.

As the incoming Director of Ontario Works, Stuart Beumer has the responsibility of overseeing the delivery of services within the mandate of the Ontario Works Act.

The duties of the Administrator are as follows:

1. Receive applications for basic financial assistance from persons residing in his or her geographical area.
2. Determine the eligibility of each applicant for basic financial assistance.
3. If an applicant is found eligible for basic financial assistance, determine the amount of the assistance, and direct its provision.
4. Determine the eligibility for employment assistance and direct its provision.
5. Carry out the prescribed duties.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Ontario Works Act, 1997, Section 43

SUBJECT: Appointment of Administrator of Ontario Works (HSC18001(b)) (City Wide) - Page 3 of 3

RELEVANT CONSULTATION

Not applicable

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The appointment of an Administrator of the *Ontario Works Act, 1997* ensures that provisions are in place to effectively deliver Ontario Works to address the needs of the residents of the City of Hamilton.

ALTERNATIVES FOR CONSIDERATION

None

APPENDICES AND SCHEDULES ATTACHED

None