

# INFORMATION REPORT

<b>TO:</b>	Chair and Members Emergency & Community Services Committee
<b>COMMITTEE DATE:</b>	June 22, 2015
<b>SUBJECT/REPORT NO:</b>	Feasibility of Mohawk 4Ice Centre Expansion (CES15017) (Ward 6) (Outstanding Business List Item)
<b>WARD(S) AFFECTED:</b>	Ward 6
<b>PREPARED BY:</b>	Bryan Ozorio 905-546-2424 ext. 7017
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<b>SIGNATURE:</b>	

## Council Direction:

On July 10, 2013 staff was directed by the Emergency and Community Services (E&CS) Committee to:

- That staff be directed to investigate the feasibility of constructing and operating indoor recreation facilities at the Mohawk 4 Ice Centre to accommodate the sports of basketball, volleyball and floor ball and the kind;
- That the goal of any future development is to have no or little impact upon the municipal tax levy.
- That staff report back to Emergency and Community Services Committee with the results of the feasibility study.

## Information:

Representatives from identified gym based sports (basketball, volleyball and floor ball) have recently expressed an interest in having a dedicated gymnasium facility in one location that can accommodate primetime hours of use (e.g. weekdays from 6:00 pm to 11:00 pm), particularly for adult leagues. In response to this interest and the direction from E&CS Committee, Recreation staff has worked with the current operators of the Mohawk 4Ice Centre ("quad pad"), Nustadia Recreation Incorporated ("Nustadia"), to explore the feasibility of expanding the quad pad to include indoor space for gym based sports. A number of sport leagues were consulted to determine their needs and interest in securing space in a newly constructed indoor facility at the quad pad. Specific meetings were also held with these groups in January 2015 to discuss and review this interest.

Recreation staff also worked to determine the overall need for such a facility within the context of existing inventories and other data that has been gathered (e.g. indoor study).

The ***Use, Renovation and Replacement Study for Hamilton Recreation and Public-Use Facilities*** (Monteith Brown/Indoor Study) was completed in 2008 after an 18 month review of indoor recreation facilities. Generally, the Indoor Study did not identify additional gymnasiums as a high priority. High priorities for investment identified at the time of the Indoor Study completion included youth centres, indoor pools, and senior centres. Related to the level of priority given to gym expansion is the current inventory of gym and recreation space in the area surrounding the quad pad facility. There are currently two City operated recreation centres within a three kilometre radius of the quad pad that have a gymnasium (Huntington Park, Valley Park). The gyms are not currently operating at full capacity and can accommodate more programming.

There are also 21 schools (with gyms) within a five (5) km radius of the quad pad. Data obtained from the Hamilton Wentworth District School Board (HWDSB) indicates that many of the gyms in these schools are also not being utilized to full capacity. It does not appear that anticipated HWDSB school closures in the future will significantly impact the number of school gyms available for rent in the quad pad area.

Capacity does exist in both HWDSB and City recreation facilities to accommodate an increased demand for gym space. However, there are long standing program commitments in recreation centres and school gyms that would prevent the establishment of a “dedicated” space and full access to prime time hours on a consistent basis. This is the need that has been expressed by user groups and is one of the factors favouring the construction of a “dedicated” gym facility.

A preliminary business case was also developed by Nustadia, with feedback from Recreation staff, as part of the effort to assess the feasibility of constructing indoor facilities at the quad pad. The business case estimated the costs of construction, ongoing operating costs and estimated revenues to be generated from the new facilities. As per the E&CS Committee direction, the funding for construction was to have little or no impact the net levy. Funding for the project was to be secured through a loan from the City, or from a loan guaranteed by the City, that would be paid back from revenues generated from rentals in the new facility. This would have been similar to the model that was used to finance and construct the quad pad.

The gymnasium facility planned as part of the business case included space for eight (8) volleyball courts, four (4) basketball courts, four (4) floor ball courts and other indoor programmable space. The cost to build the gymnasium was estimated to be between \$3M to \$6M depending on the design and materials used in the construction.

An analysis of the preliminary business case revealed that the potential estimated revenues to be generated from the new gym facility would not be sufficient to comfortably service the financing for construction. It would have been necessary, therefore, to expand the scope of the project by adding additional facilities to generate additional revenues. This would have included the addition of 20,000 square feet of leasable space, a 48,000 square foot indoor driving range/playing field, additional change room space and golf simulators. The total cost of the project with these additional amenities would have increased to approximately \$12.5M. It was estimated that forecasted revenues from these facilities would have been sufficient to service the debt financing.

Staff has concluded that it would not be prudent to proceed with a gym expansion at this time, based on the business model outlined above and an assessment of the need for additional gym space in the quad pad area. A number of factors are contributing to this conclusion. The gyms in the surrounding recreation centres and schools are currently underutilized and can accommodate additional programming; notwithstanding that the provision of dedicated space in primetime weekday hours would be very difficult to accommodate. To make the business model work would also require construction of facilities that go beyond the scope of what was contemplated in the motion passed by E&CS Committee (i.e. a facility for gym based sports). The proposal would also require a significant financial commitment from the City to address what is currently considered a moderate priority in terms of capital investment needs in recreational facilities.

The decision to not proceed with this specific proposal at this time would not preclude the City from considering other proposals for the expansion or new construction of recreational facilities at the quad pad or in other parts of the City in future. Further proposals could emerge that could offer feasible partnership opportunities for the City that would benefit gym based sport clubs and leagues (e.g. that include a significant capital contribution from a proponent). These would be considered on a case by case basis as they arise in consultation with all interested parties.

Staff will continue to work with recreation operations staff and the HWDSB through the renewal of the reciprocal agreement and other mechanisms to identify opportunities to provide or consolidate prime-time/weekday hours where possible in recreation centres and schools to address the growing demand for these times.