



Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 18, 2017
SUBJECT/REPORT NO:	Feasibility of a Sports Dome (Bubble) at Tim Horton's Field (PW17004) (Ward 3) (Outstanding Business List Item)
WARD(S) AFFECTED:	Ward 3
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SIGNATURE:	

Council Direction:

The General Issues Committee, at its meeting of February 3, 2016, directed staff to review and report back regarding the feasibility and options for a sports dome at Tim Horton's field.

Information:

On February 3, 2016, Mr. John McGrane, representing John McGrane Services Ltd., in partnership with the Hamilton Tiger Cats, presented an unsolicited submission to the City of Hamilton that proposed the addition of an air supported sport dome covering the playing surface of Tim Hortons Field Stadium from December to April each season. In total, this air supported dome would add five (5) indoor playing fields to existing indoor turf operations located throughout the City.

At the same General Issues Committee meeting, Mr. Adam Archer addressed the Committee to present an alternative scenario that involved the City owning the air

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supported sports dome, managing the field bookings and generating revenues from both the field bookings and advertising.

To explore whether having an air supported sport dome located at the Stadium is economically and/or legally feasible for the City, and to investigate a range of options for the construction of the air supported sport dome, staff reviewed the City's existing contractual obligations regarding the use of the Stadium. To this end, the City retained the services of JF Group, a recreational consultant, to investigate the financial and practical feasibility of constructing, operating and managing an air supported sports dome at the Stadium.

Specifically, staff tasked the JF Group to assess the unsolicited submission made by Mr. John McGrane to cover the playing surface of the Stadium from December to April with an air supported sport dome. The assessment was to take into consideration the community's demand for indoor soccer and the limited 20-weeks availability of the field during the winter months (attached hereto as Appendix A, review of the Proposed Sports Dome Over Tim Hortons Field).

During their research, the JF Group consulted with the President of the Hamilton District Soccer Association, five (5) existing indoor turf operators from the Greater Hamilton area, and 18 potential user groups of the air supported sports dome. Through this process, the JF Group determined that although there are mixed views on adding five (5) indoor fields to existing indoor turf operations located throughout the City, the community's current demand for indoor turf time is limited. However, the JF Group concluded that overall demand and use of additional indoor turf time would increase significantly if the City had a professional soccer team and a professional soccer academy.

In addition to researching the demand potential, staff reviewed the terms and conditions of the Stadium License Agreement between the City and the Hamilton Tiger-Cats, with respect to the following:

- a) the City's rights to use the Stadium for community and amateur soccer would be limited to a 20 week window during the winter months;
- b) the Hamilton Tiger-Cats' exclusive right under the Stadium License Agreement to exhibit professional soccer at the Stadium expired on November 1, 2016;
- c) both the City and the Hamilton Tiger-Cats must approve the other party's capital improvement design prior to the commencement of any work done on the Stadium, and
- d) the Hamilton Tiger-Cats have been granted exclusive, year-round, branding rights within the Stadium thereby limiting opportunities available for other parties to generate revenues through advertising.

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Although, under the Stadium License Agreement, the Hamilton Tiger-Cats' exclusive right to exhibit professional soccer and operate a soccer academy at the Stadium provided they met various milestones has expired (November 1, 2016), the Hamilton Tiger-Cats have continued to communicate their active pursuit of a professional soccer franchise. At this time, the Hamilton Ti-Cats' active pursuit of a professional soccer franchise is the only active possibility for a professional soccer team that staff are aware of.

Lastly, staff reviewed the Facility Agreement which the City entered into in 2012 with the Toronto Organizing Committee for the 2015 Pan Parapan American Games (TO2015) and the Ontario Infrastructure and Lands Corporation. Under the terms and conditions of that Facility Agreement, the City, among other things, bound itself to strictly use the Stadium in ways that meet certain legacy requirements. One such 'legacy requirement' is the City's obligation to use the Stadium primarily for community sport and recreational uses that serve the public, community and amateur sport groups. Also, the number of hours per year the City can allow a user access to the Stadium and the rate it can charge are contractually set out and vary depending on whether the user is a member of the public, a community based group, an amateur sports group or a high performance sports group. Therefore, it is critical that the proponent with which the City contracts to construct and/or operate and/or maintain an air supported sport soccer dome at the Stadium must agree to enter into an agreement with terms that allow the City to maintain its legacy obligations set out in the Facility Agreement.

In light of this background information, staff has considered 3 options for constructing an air supported dome on the Stadium, as follows:

Option #1: The City would build the air supported dome and manage a winter soccer operation.

This option would involve the City making a significant capital investment (estimated at \$3.5 Million for a 90,000 square foot sports dome) as well as assuming additional operating costs during the winter months.

Option #2: Enter into a competitive procurement process for a third party to build and manage the proposed soccer operation at the Stadium.

In the event that a third party operator with a professional team did come forward, it would have to co-exist with the Hamilton Tiger-Cats and that would pose some challenges due to the terms and conditions of the existing License Agreement. For example the License Agreement provides that any capital work would need their design approval before proceeding with any substantive capital work.

Option #3: Negotiate an agreement with John McGrane Group Services Ltd., in partnership with the Hamilton Tiger-Cats; this agreement must be conditional on the following:

- a) successful acquisition of a professional soccer franchise;
- b) establishment of a soccer academy under the auspicious of Soccer Canada, the national body responsible for the sport of soccer;
- c) guarantees the City would bear no capital or operating expenses;
- d) meeting the City's legacy requirements for community sport and recreational uses set out in the Facility Agreement, such that an air supported sports dome covering the playing surface of the Stadium would provide additional recreational programming to the community, during the winter months, including, but not limited to: 500 hours of "free use" to the municipality during non-prime time programming hours, and
- e) The John McGrane Group Services Ltd. agrees make a significant financial contribution to the replacement of the Stadium's field turf every 5-6 years based upon the projected reduced life span of the turf should year round use take place at the Stadium.

With respect to Option #3, the City's legal department has noted that any negotiations between the City and partner organizations for the construction, maintenance and/or operation of an air supported soccer dome at the Stadium should be delayed until all litigation claims regarding the Stadium are resolved and agreed to. This is due, in part, to the provisions of the City's Procurement Policy By-Law No. 16-070, which permits the City to refuse to do business with a proponent where the proponent is in litigation with the City and the City's commercial relationship is impaired as a result of such litigation.