



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	March 27, 2017
SUBJECT/REPORT NO:	Winona Peach Festival Request for a Loan to Upgrade Electrical Service (FCS17037) (Ward 11) (Outstanding Business List Item)
WARD(S) AFFECTED:	Ward 11
PREPARED BY:	Marcin Zukowski (905) 546-2424 Ext. 2162
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the City of Hamilton provide an interest free loan to the Winona Peach Festival to fund electrical upgrades at the City-owned Winona Park in an amount not to exceed \$100,000 to be repaid in full over a period of ten years from the date of the loan advance;
- (b) That the loan to the Winona Peach Festival be repaid with annual principal payments on the anniversary dates of the loan advance as reflected in the Loan Repayment Schedule, attached as Appendix "B" to Report FCS17037;
- (c) That a Long Term Receivable account be established to record the Loan to Winona Peach Festival on the City's books;
- (d) That any additional project expenses, such as Consulting, Project Management and Archaeological studies, if required, be borne by Winona Peach Festival;
- (e) That the Mayor and Clerk be authorized to execute the loan agreement between the City of Hamilton and Winona Peach Festival, in a form satisfactory to the General Manager of Finance and Corporate Services and the City Solicitor;

EXECUTIVE SUMMARY

Council at its meeting on January 25, 2017 received email correspondence, attached as Appendix “A” to Report FCS17037, from Linda Shuker, President of Winona Peach Festival a not-for-profit corporation, requesting an interest free loan in an amount not to exceed \$100,000 to be repaid in full over ten years. Council directed staff to report back to the Audit, Finance and Administration Committee. The purpose of the loan is to fund expenses for the updating of the electrical service within the City-owned Winona Park to comply with electrical safety regulations. A cost estimate is attached as Appendix “C” to Report FCS17037. The electrical upgrades ensure the continuation of the annual Winona Peach Festival and other park events and activities.

An interest free loan to Winona Peach Festival complies with the City’s External Loan Guidelines as outlined in Reports FCS06078 and FCS06078a as they are a not-for-profit organization and the upgrades are to a city owned facility and property.

The Winona Peach Festival’s latest unaudited financial statements as at October 31, 2016, attached as Appendix “D” to Report FCS17037, indicate that Winona Peach Festival has the financial capacity to meet the loan payments.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The loan in the amount not to exceed \$100,000 will be set up on the City’s books as a Long Term Receivable to Winona Peach Festival and, therefore, a funding source is not required to be identified. Equal annual repayments in the amount of \$10,000, based on a loan of \$100,000, will be made on the anniversary date of the loan advance. No interest has been applied to the loan in accordance with City’s External Loan Guidelines.

Staffing: N/A

Legal: Legal Services will be required to prepare the Loan Agreement between the City of Hamilton and Winona Peach Festival for execution by the Mayor and City Clerk.

HISTORICAL BACKGROUND

The Winona Peach Festival, a not-for-profit corporation, is run solely by volunteers (in excess of 2,000). The Winona Peach Festival is a popular annual event held over a three-day period near the end of August in City owned Winona Park located in Stoney Creek. In 2017, the Peach Festival will be celebrating its 50th Anniversary. It originated in 1967 as a local street festival organized to raise money for local charitable organizations. The festival is of local and regional significance and initiates the series of Fall Fairs in Hamilton and promotes, recognizes and educates attendees on the contribution of the agriculture sector to the local economy.

In 2000, the City of Stoney Creek purchased a 4.26 acre parcel of land situated on the eastern edge of Winona Park for the purpose of expanding the Park. The Winona Peach Festival contributed a total of \$60,000 towards the acquisition of the property with payments from 2000 to 2004. The City and the Winona Peach Festival entered into an interest-free loan agreement for the electrical upgrades at Winona Park for \$130,000 in 2007 as outlined in Report PW07062/ECS07042. The Winona Peach Festival made its final annual payment of this loan of \$13,000 in December 2016.

The Winona Peach Festival was informed by the City that electrical upgrades at Winona Park are required to be completed in 2017 to comply with the electrical safety regulations. A cost estimate is attached as Appendix “C” to Report FCS17037.

The Winona Peach Festival Committee requires all approvals to be in place by early Spring 2017 to ensure that the electrical upgrades are completed prior to the festival from August 25 to 27, 2017.

The improvements to the electrical at this site not only benefit the growing festival, but also benefit the entire community and any other group that might want to use this site out for events that require electrical connections. Failure to complete the upgrades will risk non-compliance with the current electrical codes and standards and may cause the festival to be shutdown.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

An interest-free loan to a not-for-profit organization for work on City-owned property complies with the City’s External Loan Guidelines as outlined in Reports FCS06078 and FCS06078a.

RELEVANT CONSULTATION

Staff in Public Works was consulted on the electrical upgrades at Winona Park and they will be working with the organizers to schedule the work.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The Winona Peach Festival is eligible for a 10-year interest free loan as it meets the requirements of the City's External Loan Guidelines as outlined in Reports FCS06087 and FCS06078a. The applicant is incorporated as a Not-For-Profit Organization and the loan is provided for upgrades or enhancements to City owned facilities or properties that not only benefit the growing festival, but also benefit the entire community and any other group that may permit this site out for events that require electrical connections. A cost estimate is attached as Appendix "C" to Report FCS17037. Failure to complete the upgrades will risk non-compliance with the current electrical codes and standards and may cause the festival to be shutdown.

The Winona Peach Festival's latest unaudited financial statements as at October 31, 2016, attached as Appendix "D" to Report FCS17037, indicate that Winona Peach Festival has the financial capacity to meet the loan payments.

The Winona Peach Festival made its final annual payment in December 2016 on a 2007 loan in the amount of \$130,000. This demonstrates its ability and responsibility to support and repay debt payments.

TABLE 1
Loan Eligibility Criteria from Report FCS06078(a)

Eligibility Criteria as per Appendix "A" to Report FCS06078(a)
Part 4

	Is Condition Met?
a) Applicant is incorporated as a Not-for-Profit Organization	Yes
b) Applicant's Board of Directors will assume responsibility for administration of the funding	Yes
c) Applicant's loan request will fund one-time capital expenditure	Yes
d) Applicant's capital expenditure provides benefits within City boundaries	Yes
e) Applicant is in good financial standing with the City	Yes
f) Applicant provides equal access to programs	Yes
g) Applicant demonstrates clear boundaries between religious activities and project being funded	Yes

Eligibility Criteria as per Appendix "A" to Report FCS06078(a)
Part 8

	Is Condition Met?
Loan is provided for upgrades or enhancements to City owned facilities or properties, if applicable	Yes

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse municipal economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Email correspondence from the President of the Winona Peach Festival

Appendix “B” – Loan Repayment Schedule

Appendix “C” – Electrical Upgrades – Cost Estimate

Appendix “D” – Financial Statements of the Winona Peach Festival

MZ/dt