



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

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	June 7, 2017
<b>SUBJECT/REPORT NO:</b>	Waterfront Outdoor Rink Management Agreement (FCS17040) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Samantha Blackley (905) 546-2424 Ext. 2132 Joe Spiler (905) 546-2424 Ext. 4519
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That the Waterfront Outdoor Rink Management Agreement (the “Agreement”) in substantially the same form and content as the version attached as Appendix “A” to Report FCS17040, between Hamilton Waterfront Trust (“HWT”) and the City of Hamilton for the year-round operation, maintenance and management of the Waterfront Outdoor Rink be approved;
- (b) That the General Manager of Finance and Corporate Services be authorized and directed to negotiate all necessary agreements, including this Agreement and any extension agreements, in a form satisfactory to the City Solicitor, including a management agreement providing the HWT with the exclusive authority to operate, maintain and manage the Waterfront Outdoor Rink for an initial five year term beginning January 1, 2017 plus two extension options of five years each exercisable at the City’s discretion;
- (c) That the General Manager of Finance and Corporate Services be directed to execute, on behalf of the City of Hamilton, all necessary documentation, including this Agreement and any extension agreements, to implement recommendation (b) of Report FCS17040 and in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

The purpose of this Report is to seek approval from Committee and Council to enter into an agreement with the Hamilton Waterfront Trust (HWT) for the year-round operation, maintenance and management of the Waterfront Outdoor Rink.

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Through the 2011 tax-supported operating budget process, Council approved a program enhancement for the base amount of \$150,000 pertaining to the winter operation and maintenance of the Waterfront Outdoor Rink (FCS11106). This amount was subject to an increase equal to the previous year's property tax increase. This was formalized in a five-year agreement which expired on April 30, 2016.

The rink is used in the non-winter months as a roller skating rink. In 2015, the HWT projected maintenance expenses for the roller skating rink and maintenance of surrounding grounds to be about \$165,000 while the projected revenues were only expected to be \$40,000 from skate rentals.

Council approved in Report FCS15077 authorizing funding of \$143,000 for 2016, based on the projected grounds maintenance less roller skate rental revenues, plus a 10% management fee.

Report FCS17040 addresses the outstanding issue of the management agreement between the City of Hamilton and the Hamilton Waterfront Trust for the year-round operation, maintenance and management of the Waterfront Outdoor Rink for an initial five-year period from January 1, 2017 through December 31, 2021, plus two five-year extension options exercisable at the City's discretion.

The attached draft Agreement (Appendix "A" to Report FCS17040) represents a joint effort by the City and Hamilton Waterfront Trust staff to develop a management agreement that reflects HWT's responsibility to operate and maintain the Waterfront Outdoor Rink for the City. The estimated annual funding beginning in 2017 is \$333,795. The minimum following terms and conditions are included in the new Agreement:

- Five-year period commencing January 1, 2017 plus two five-year extension options exercisable at the City's discretion;
- HWT shall have exclusive authority to act as the agent of the City for the purpose of operating, maintaining and managing the premises forming the Waterfront Outdoor Rink, subject to the limitations and restrictions set out in the attached Agreement (Appendix "A" to Report FCS17040);
- HWT has authority to hire staff to operate the Waterfront Outdoor Rink but not transfer FTE from the HWT to the City;
- HWT must comply with all terms and conditions contained in the City Land Lease Agreement attached to the draft Agreement as Schedule "C";

- All personal property located in and around the Waterfront Outdoor Rink, except for property owned or leased by the HWT is the sole and exclusive property of the City, as will be any and all subsequently acquired personal property purchased or acquired by the HWT through expenditure of trust monies under the attached Agreement (Appendix “A” to Report FCS17040);
- Any and all taxes, rates and levies charged against the Waterfront Outdoor Rink and its operations and concessions shall be the responsibility of the HWT or any lessees or concessionaires of the HWT;
- The HWT shall present to the City its proposed budget in relation to the conduct of the affairs of the Waterfront Outdoor Rink as set out in the attached Agreement (Appendix “A” to Report FCS17040);
- The HWT is responsible for all insurance requirements as set out in Section 13 of the attached Agreement (Appendix “A” to Report FCS17040); and
- The five-year Agreement will have a termination clause whereby either party at any time, upon six months’ notice to the other party, may terminate the Agreement.

***Alternatives for Consideration – See Page 7.***

#### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The Waterfront Outdoor Rink Management Agreement requires 2017 funding of \$333,795.

Table 1 provides detail for the 2017 budgeted net expenditures totalling \$333,795. Any additional costs would be covered by the Hamilton Waterfront Trust, as outlined in the Agreement.

Public Works, with a 2017 budget of \$313,540 for this agreement, will absorb the additional budget and any variances from budget.

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Table 1  
Hamilton Waterfront Trust  
Outdoor Rink – 2017 Operating Budget (January 1 to December 31)

Expenditures			
Item	Description	2016 Actual	2017 Budget
1	Staffing and Benefits	\$211,860	\$223,200
2	Clothing	0	700
3	Staff Training / Safety Equipment	0	600
4	Equipment Maint. / Repair / Replacement	4,520	7,900
5	Gas	1,620	2,100
6	Hydro	50,924	55,200
7	Water / Sewer	11,135	12,400
8	Insurance	15,819	16,600
9	Fuel (gas and propane)	1,332	1,800
10	Programming, Music	201	800
11	Signage	624	1,200
12	Permits / Licences	489	700
13	Materials / Supplies	1,262	3200
14	Contractual Services	19,348	15,600
15	Miscellaneous	<u>155</u>	<u>1,450</u>
	Sub-total	319,289	343,450
	Less Skate Concession Revenues	<u>(40,000)</u>	<u>(40,000)</u>
	Sub-total	279,289	303,450
	Plus Administration (10%)	<u>27,929</u>	<u>30,345</u>
	Total	<u>\$307,218</u>	<u>\$333,795</u>

Notes

- \$11,204 increase in hydro allocation due to increase in rates over five years (2010-2015)
- \$4,912 increase in water and sewer allocation due to increase in rates over five years (2010-2015)
- Equipment expense includes \$3,600 allocation to annually erect and remove wind shield
- Hydro budget of \$59,200 includes \$4,000 base for trail lighting hydro paid by HWT (City responsibility – For 2016 was included in a separate budget)
- City's 2017 operating budget \$313,540 (\$333,795 = 6% increase)

Staffing: N/A

Legal: N/A

## **HISTORICAL BACKGROUND**

The Hamilton Waterfront Trust (HWT) is dedicated to making it easier for everyone to use and enjoy Hamilton's waterfront through various developments which will enhance the waterfront experience and promote easy access to the water's edge. The Waterfront Rink was completed in October 2010 and the HWT has been operating and maintaining the asset since that time.

The HWT's goal is to provide amenities and opportunities that will enhance Hamilton's waterfront for everyone's use by:

- Providing an integrated trail system;
- Protecting, enhancing and regenerating natural areas including fish and wildlife habitat;
- Educating the public as well as stimulating awareness and appreciation of the waterfront; and
- Building amenities and activities that enhance the enjoyment of the waterfront.

In 2011, the City of Hamilton entered into an outdoor rink management agreement with the HWT. Under that agreement, the City provided approximately \$150,000 per year to the HWT for the winter operations of the ice rink. The rink has become one of the HWT's most popular attractions and is used in the spring, summer and autumn months as a roller skating rink.

The HWT is required to submit annual, audited financial statements to Council. The HWT has consistently been experiencing net losses year over year.

During the General Issues Committee meeting on March 30, 2015 staff was directed to explore the feasibility of providing annual base funding to the Hamilton Waterfront Trust (HWT) to address the increased operational service requirements. The Committee approved a one-time funding of \$143,000 for the non-winter months operation for 2016, which was based on the projected grounds maintenance expenses less roller skate rental earnings, plus a 10% management fee.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

**RELEVANT CONSULTATION**

- City Manager’s Office – Legal Services Division has co-ordinated developing the Rink Facility Agreement.
- Corporate Services Department – Risk Management Section provided input into the development of the Agreement.
- Public Works Department – General Manager’s Office provided input into the development of the Agreement.
- Hamilton Waterfront Trust – Provided information regarding financial projections

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Tables 2 and 3 illustrate the original winter and non-winter rink budgeted expenditures versus the 2017 budget, as submitted by the HWT for the annual management of the Waterfront Outdoor Rink. The 2017 budget has increased due to the rise in both hydro and water prices. Table 2 represents the winter operations.

Table 2  
Outdoor Rink – Winter Season

Expenditures		2016 Actual	2017 Budget
Item	Description		
1	Staffing and Benefits	\$71,254	\$85,000
2	Clothing	0	500
3	Staff Training / Safety Equipment	0	400
4	Equipment Maint. / Repair / Replacement	1,239	7,000
5	Gas	1,277	1,400
6	Hydro	35,938	39,000
7	Water / Sewer	7,793	8,800
8	Insurance	10,599	11,000
9	Fuel (gas and propane)	995	1,500
10	Programming, Music	98	400
11	Signage	140	700
12	Permits / Licences	390	500
13	Materials / Supplies	443	2,000
14	Contractual Services	19,027	14,400
15	Miscellaneous	96	850
	Sub-total	149,289	173,450
	Plus Administration (10%)	14,929	17,345
	<b>Total</b>	<b><u>\$164,218</u></b>	<b><u>\$190,795</u></b>

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Table 3 represents the budgeted net expenditures for the non-winter operations for the roller skating rink.

Table 3  
Outdoor Rink – Summer Season

Expenditures		2016 Actual	2017 Budget
Item	Description		
1	Staffing and Benefits	\$140,606	\$138,200
2	Clothing	0	200
3	Staff Training / Safety Equipment	0	200
4	Equipment Maint. / Repair / Replacement	3,281	900
5	Gas	343	700
6	Hydro	14,986	16,200
7	Water / Sewer	3,342	3,600
8	Insurance	5,220	5,600
9	Fuel (gas and propane)	337	300
10	Programming, Music	103	400
11	Signage	484	500
12	Permits / Licences	99	200
13	Materials / Supplies	819	1,200
14	Contractual Services	321	1,200
15	Miscellaneous	59	600
	Sub-total	170,000	170,000
	Less Skate Concession Revenues	(40,000)	(40,000)
	Sub-total	130,000	130,000
	Plus Administration (10%)	13,000	13,000
	Total	<u>\$143,000</u>	<u>\$143,000</u>

Combining the expenditures for Tables 2 and 3 (refer to Table 1) totals \$333,795.

**ALTERNATIVES FOR CONSIDERATION**

Financial: An alternative is that the City provide less funding than the requested \$333,795. Based on the HWT's projections, its operations are not sustainable in the long run unless the HWT has access to sources of revenues or it reduces its expenses.

Staffing: N/A

Legal: N/A

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Community Engagement & Participation**

*Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.*

**Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local 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.*

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – Waterfront Outdoor Rink Management Agreement

SB/JS/dt