



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Tourism and Culture Division

| | |
|---------------------------|---|
| TO: | Mayor and Members General Issues Committee |
| COMMITTEE DATE: | February 19, 2020 |
| SUBJECT/REPORT NO: | Commonwealth Games 2030 (PED19108(d)) (City Wide) (Outstanding Business List Item) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Carrie Brooks-Joiner (905) 546-2424 Ext. 3967 |
| SUBMITTED BY: | Carrie Brooks-Joiner Director, Tourism and Culture Planning and Economic Development Department |
| SIGNATURE: | |

RECOMMENDATION

That Council receive the Hosting Proposal Part 2 developed by Hamilton100 to host the 2030 Commonwealth Games in Hamilton.

EXECUTIVE SUMMARY

Following confirmation that Hamilton was shortlisted as a potential host city for the 2030 Commonwealth Games, an invitation from Commonwealth Games Canada (CGC) to submit a Hosting Proposal Part 2, and Council's approval, Hamilton100 has continued its work to develop a hosting concept and meet the CGC's Hosting Plan Proposal Guidelines for the domestic bidding process. The Hosting Proposal Part 2 attached as Appendix "A" to Report PED19108(d) is submitted for Council's review.

Should Council be supportive of continuing with the domestic bid process and confirm its willingness to make the required financial commitment, the deadline for Hamilton100 to submit the Hosting Proposal Part 2 to CGC is March 9, 2020.

This report is based on a review of the draft Hosting Proposal Part 2 dated January 24, 2020 prepared by Hamilton100. It was submitted February 13, 2020 and has additional information that staff has not reviewed. Hamilton 100 also submitted a Hamilton100

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.

2030 Commonwealth Games Bid Brief on January 30, 2020 which is attached as Appendix "B" to Report PED19108(d).

Given the short time available for review of the Hosting Proposal Part 2 and that the feasibility of the hosting concept has not been confirmed, staff are unable to make a recommendation to endorse.

Alternatives for Consideration – See Page 13

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

On November 13, 2019, Council directed City staff to provide a review of a potential 2030 Commonwealth Games Hosting Proposal.

The 2030 Commonwealth Games Hosting Plan Proposal Guidelines (Part 2) requires a Financial Budget model. Hamilton100 estimated costs using the 2022 approved Commonwealth Games Budget for Birmingham, United Kingdom as a baseline. The organizing committee budget high-level summary is provided that is included in the Hosting Proposal Part 2. As indicated in the Hosting Proposal Part 2, a more detailed budget will be developed with the assistance of Klynveld Peat Marwick Goerdeler (KPMG). City staff provided Hamilton100 with a significant level of financial information which should be useful in the development of this detailed budget. This report responds to the information contained in the Hosting Proposal Part 2.

Organizing Committee Budget High-Level Summary¹

| | \$ Local |
|-------------------------------------|----------------------|
| INCOME | |
| Public Sector Contribution | 1,175,000,000 |
| OC Generated Income | 250,000,000 |
| Total Income | 1,425,000,000 |
| EXPENDITURE | |
| CEO Office | 10,500,000 |
| Commercial | 21,650,000 |
| Marketing and Communications | 77,350,000 |
| Ceremonies and QBR | 32,500,000 |
| Finance and Corporate Services | 49,500,000 |
| Human Resources | 105,500,000 |
| Games Workforce | 8,000,000 |
| Games Family Services | 16,250,000 |
| Games Services | 28,000,000 |
| Logistics | 20,000,000 |
| Transport | 50,000,000 |
| Sport | 28,000,000 |
| Venue Development and Overlay | 619,000,000 |
| Venue Management and Event Services | 30,000,000 |
| Village Operations | 20,000,000 |
| Security (OC Budget) | 140,000,000 |
| Technology and Broadcast | 98,750,000 |
| CGF / CGA Payments | 30,000,000 |
| Contingency | 40,000,000 |
| Total Expenditure | 1,425,000,000 |

The 2030 Commonwealth Games forecast of \$1.425 B includes a venue development and overlay component of \$619 M. Construction would need to be completed by 2028 to allow testing for the 2030 Commonwealth Games. The athlete's village is not part of the game's expenditures and are assumed to be funded under a separate stream.

City staff have forecasted the percentage of the municipal funding contribution based on Hamilton100's Public Sector Contribution estimate of \$1.175 B. City staff anticipate the municipal funding contribution for the 2030 Commonwealth Games to range from 17% (Calgary's municipal contribution re; 1988 Olympics) to 25% (assuming 50% Federal and 25% Provincial contribution). This represents a gross City contribution between \$200 M and \$300 M. The City's contribution does not reflect funding from other

¹ Page 66 of 2030 COMMONWEALTH GAMES - CANDIDATURE PART 2 - Draft Feb 11, 2022

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.

municipal governments who have been identified as potential event hosts. City staff recognize the range in municipal contribution above differs from the assumptions within Hamilton100's financing plan, however, given that the financials are preliminary, exclusive of any commitments from senior levels of government, City staff are of the belief that this range is prudent at this time.

The City has a variety of funding sources it can leverage in addition to the tax levy, including development charges (DC), debt, assets and in-kind services. It should be noted that growth related recreation costs currently are a soft service under the Development Charges Act. In the future, these costs will be recouped in whole or part through proposed Community Benefit Charges (CBC - proposed DC Act changes, details unknown at this time), which would replace the existing parkland dedication fees and soft service DC quantum components. At this time, the degree to which these costs will be borne by future growth versus existing residents are not known. The City anticipates that its contribution to the games may offset some capital investments already identified in the 10-year tax supported capital plan.

Based on the current 10-year capital plan, total rate supported, tax supported and development charge supported debt levels are projected to remain at or below the Council approved target. Debt levels are trending upwards and are projected to peak in 2028 at just below the Council approved target. Illustrated is the current state of the City's 10-year total debt projections that provides an impact analysis of an additional \$200 M and \$300 M in tax supported debt. Based on the analysis, total debt levels are projected to exceed Council's approved limits, but remain within the Provincial annual repayment limits, in 2028 and 2029.

City of Hamilton: 10-year Total Debt Projections



The City's estimated share of funding for the 2030 Commonwealth Games (\$200 M to \$300 M) in this report does not include additional revenue sources and cost reduction opportunities, which would reduce the municipal contribution including:

- Venue Naming Rights
- Institutional/Private Sector/Community Partnerships
- City Land Contribution
- Contributions from other participating municipalities/institutions

City Facilities, Recreation and Park Development staff have estimated that the Commonwealth Games venue development and overlay budget of \$619 M could save the City budgeted facility rehabilitation costs over the next 10 years (2021-2030).

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.

The proposed sport venues included in Hosting Proposal Part 2 are included below.

Proposed Sport Venues²

| COMPULSORY SPORTS | PROPOSED VENUE |
|---|--|
| Athletics + para 944 athletes | Mohawk Sports Park |
| Badminton 114 athletes | multisport complex |
| Boxing 206 athletes | new Convention Centre or Grichtmire Market Street arena |
| Cycling - road & time trials 211 athletes | Hamilton Centre to West Mountain |
| Gymnastics - Artistic 96 athletes | FirstOntario Centre or new arena |
| Field Hockey 360 athletes | Mohawk Sports Park |
| Judo 158 athletes | Dave Andreychuk Mountain Arena |
| Lawn Bowls + para 246 athletes | Gage Park |
| Netball (W) 144 athletes | Paramount Fine Foods Centre* |
| Rugby 7's 288 athletes | Tim Hortons Field |
| Squash 100 athletes | multisport complex |
| Swimming + para 373 athletes | McMaster Aquatic Centre* |
| Table Tennis 182 athletes | multisport complex |
| Triathlon 58 athletes | Pier 4 Park, Bayfront Park, City street cycling course |
| Weightlifting 215 athletes | FirstOntario Concert Hall |
| Wrestling 120 athletes | Dave Andreychuk Mountain Arena |
| OPTIONAL SPORTS | PROPOSED VENUE |
| Basketball 3x3 96 athletes | Eastwood Park and new Community Centre and outdoor event space |
| Cricket (W) 150 athletes | Confederation Park |
| Cycling - Track + para 135 athletes | Milton Velodrome* |
| Beach Volleyball 64 athletes | Confederation Park |
| Diving 50 athletes | Brock University* |
| NON-SPORT VENUES | PROPOSED VENUE |
| Technical Officials accommodation | Up to 4 sites in city centre (sites to be determined) |
| Athletes Village | McMaster University* |
| International Broadcast Centre | existing Convention Centre or new Convention Centre |
| Main Press Centre (MPC) | existing Convention Centre or new Convention Centre |
| Opening/Closing Ceremonies | Tim Hortons Field |

*Indicates proposed venue is not owned by the City of Hamilton

² Page 60-62 of 2030 COMMONWEALTH GAMES - CANDIDATURE PART 2 - Draft Feb 11, 2022

Staffing:

To date, no dedicated staff resources have been allocated to the development of the hosting proposals. Staff workplans across multiple departments have been adjusted to accommodate the additional work.

Dedicated and incremental City staff resources from all departments in the form of a Bid Secretariat will be required to continue in the domestic and international bid processes including the negotiation of the Multi-Party Agreement and creation of a Hosting Corporation. Senior representation from the City of Hamilton will be required to participate as a member of the Hosting Corporation. Based on the secretariat created for the Pan Am Games, it is estimated that between five to seven full-time equivalents (FTEs) are required for the initial phase including representation from Legal, Finance, Project Management, Capital Planning and Programming.

If Hamilton moves to the international bid phase, additional FTEs will be required, and a corporate event logistics committee will need to be struck.

The following staff were resources to Hamilton100 in the development of the Hosting Proposals:

City Managers Office

- City Manager
- Director, Strategic Partnerships and Communications
- Manager, Community Initiatives

Corporate Services

- General Manager
- Deputy City Solicitor
- Manager, Capital Budgets and Development
- Senior Financial Analyst

Planning and Economic Development

- General Manager
- Director, Tourism and Culture
- Director, Transportation Planning and Parking
- Manager, Tourism and Events
- Sport Tourism Product Development Specialist

Healthy and Safe Communities

- Director, Recreation
- Director, Housing Services
- Manager, Sport Services

Public Works

- Director, Energy, Fleet and Facilities Management
- Director, Transit

If Hamilton is selected by Commonwealth Games Canada as the preferred host city staff will report back for approval for the resources including FTEs to proceed with negotiation of the Tri-Party Agreement and to participate in the development of the international bid.

Legal:

Should Hamilton be selected as the preferred Canadian host city for the 2030 Commonwealth Games, Legal Services will be engaged to negotiate and finalize a Multi-Party Agreement, a Host Community Agreement and other related agreements.

Should Hamilton's bid be successful, Legal Services will continue to be involved to ensure compliance with the *Municipal Act*, including any concerns regarding "bonusing", and any applicable contractual obligations.

HISTORICAL BACKGROUND

- March 20, 2019 - Representatives from Hamilton100 delegated to the General Issues Committee (GIC) and offered to lead and wholly fund the development of a bid on behalf of Hamilton. Following the presentation, Council passed a motion directing staff to report back to GIC with "the outline of the games, the bidding process, risks and rewards, potential venues and facilities that the City of Hamilton would require to host the 2030 Commonwealth Games".
- June 5, 2019 - Staff reported back to GIC. Staff were directed to analyse the draft Hosting Proposal Part 1 and report back to GIC on November 6, 2019. Council also directed staff to develop a Memorandum of Understanding (MOU) to inform the working relationship between the City of Hamilton and Hamilton100 and report back to GIC.
- July 31, 2019 to August 2, 2019 - Representatives from the Commonwealth Games Federation and Commonwealth Games Canada made a site visit to Hamilton and were hosted by Hamilton100.
- August 12, 2019 - A draft MOU was presented to GIC and following the direction to execute, the MOU was signed with Hamilton100.
- September 27, 2019 - Hamilton100 submitted its working draft Hosting Proposal Part 1 to City staff.

- November 6, 2019 - Staff reported back to GIC.
- November 13, 2019 - Teleconference between CGC and City of Hamilton staff.
- November 13, 2019 - Council identified three representatives to participate on the Hamilton100 Steering Committee. Staff were directed to prepare and execute a revised MOU to allow Hamilton100 to prepare, organize, facilitate, coordinate and finance, in its entirety, a Hosting Proposal Part 2. Staff were directed to report back on multiple issues including: a financial assessment of the proposal against the City's Master Plans and approved 10-year capital plan; governance; indemnification against risks, deficit and deficiencies; implications of tax-supported debt; and the entertainment district. Staff were directed to conduct a peer review of the financial model prior to execution of a Multi-Party Agreement. Attached as Appendix "C" to Report PED19108(d) is the full staff direction from the November 13, 2019 Council meeting.
- November 27, 2019 - The first of three facilitated meetings with City staff and Hamilton100.
- December 8, 2019 - Hamilton is shortlisted. CGC invited Hamilton100 to participate in Part 2 of the domestic bid process.
- December 9, 2019 - A revised Memorandum of Understanding between the City of Hamilton and the Hamilton100 Commonwealth Games Bid Corporation was executed.
- December 18, 2019 - The second of three facilitated meetings with City staff and Hamilton100.
- December 18, 2019 - Teleconference with CGC, Hamilton100 and City of Hamilton staff.
- January 15, 2020 - Staff reported back to GIC and confirmed that Hamilton was shortlisted.
- January 20, 2020 - The third and last facilitated meeting with City staff and Hamilton100.
- January 22, 2020 - Teleconference with CGC, Sport Canada, Hamilton100, City of Hamilton - Government Essential Services for a 2030 Commonwealth Games Bid.
- January 22, 2020 - Council directed staff to review and analyse Hosting Proposal Part 2 and report back to GIC prior to March 9, 2020.

- January 24, 2020 - Hamilton100 submitted a working draft Hosting Proposal Part 2 for review.
- January 29, 2020 - Teleconference with CGC, Sport Canada, Hamilton100, City of Hamilton - Financial Risk Mitigation and Deficit Guarantee Strategies.
- January 30, 2020 - Hamilton100 submitted a Commonwealth Games Bid Brief.
- February 13, 2020 - Hamilton100 submitted Hosting Proposal Part 2 to the City of Hamilton.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The potential positive outcomes of hosting the Commonwealth Games is in alignment with the City of Hamilton's Strategic Plan (2016-2025); the Economic Development Action Plan (2016-2020); the Hamilton Tourism Strategy (2015-2020); and the Cultural Plan (2013).

There are policy and timing implications for the Recreational Indoor/Outdoor Master Plan. Implementation of a games centric capital plan will result in the delay of other non-games capital projects. Facility upgrades and games programming will temporarily displace community user groups.

There are policy and timing implications for the Culture Plan and related City programs such as heritage plaquing, public art, and museum exhibitions. Community-led cultural programming may be temporarily displaced.

RELEVANT CONSULTATION

Internal

Senior Leadership Team

General Manager, Finance and Corporate Services Department

General Manager, Planning and Economic Development Department

Director, Recreation Division, Healthy and Safe Communities Department

Director, Energy, Fleet and Facilities Management Division, Public Works Department

Director, Transportation, Operations and Maintenance Division, Public Works Department

Senior Advisor, West Harbour Re-Development, General Manager's Office, Planning and Economic Development Department

Senior Development Consultant, Economic Development Division, Planning and Economic Development Department

Deputy City Solicitor, Legal and Risk Management Services Division, Corporate Services Department

Manager of Capital Budgets and Development, Financial Planning, Administration and Policy Division, Corporate Services Department

Senior Financial Analyst, Financial Planning, Administration, and Policy Division, Corporate Services Department

External

Chief Executive Officer, Commonwealth Games Canada

Director, Major Sport Events Division, Sport Canada

Executive, Hamilton100

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Guidelines

Commonwealth Games Canada released the final 2026/30 Commonwealth Games Hosting Plan Proposal Guidelines on November 1, 2019. The Hosting Proposal Part 2 builds on the information submitted in Part 1 and consists of the following areas:

- Games Delivery
- Venues Plan (detail)
- Finance & Marketing (detail)

The requirement to conduct a predictive Economic Impact Assessment as part of the Hosting Proposal Part 2 was removed by Commonwealth Games Canada on January 14, 2020 and such an assessment is not included in Hamilton100's proposal.

The Hosting Proposal Part 2 addresses the categories of information required by CGC as listed in the Hosting Plan Proposal Guidelines. It is not known if the quality or amount of information provided is sufficient for CGC. The quality of the information was not assessed by staff.

Governance

The Hosting Plan Proposal Guidelines do not require the Hosting Proposal Part 2 to address governance. A typical model for governance of the Commonwealth Games has been provided by Commonwealth Games Canada and is attached as Appendix “D” to Report PED19108(d).

Based on the facilitated meetings involving Hamilton100 and City staff, Hamilton100 expressed a desire to be an active participant.

Venue Plan

The City provided the 10-year Recreation Facilities Capital Plan to Hamilton100. There are points of alignment between the City’s Plan and Hamilton100’s Venue Plan. The City may be expected to make a material investment to achieve the Venue Plan, however this will ultimately be determined through a successful negotiation of a Multi-Party Agreement.

As referenced in the Hosting Proposal Part 2, new and existing venue locations have been identified by Hamilton100 in their draft Sport Venue Location Plan. Typically, in major sport event planning, venue locations change as the plan is refined, specific sports and programming confirmed, and additional partners are identified.

Hamilton100’s draft Sport Venue Plan outlines plans for proposed new facilities and for existing venues to be upgraded in time for hosting the 2030 Commonwealth Games. The Sport Venue Plan also utilizes existing facilities in neighbouring municipalities that will require minimal upgrades prior to the Commonwealth Games.

Indemnification:

Sports Canada and Commonwealth Games Canada have indicated that there is an expectation that risk be mitigated through the budget planning process, contingency and governance.

Typically, identifying and mitigating risk associated with capital and operating costs is the responsibility of the Host Corporation and formalized in the Multi-Party Agreement. The 2015 Toronto Pan-Am Games Multi-Party Agreement designated the Provincial Government as the party ultimately responsible for underwriting risk. Specifically, in the Pan-Am Games Multi-Party Agreement, the City of Toronto and Federal Government “assume[d] no responsibility for any aspect of the organization, planning, promoting, financing or staging of the [Pan-Am] Games including any aspect of the construction, renovation or management of the Facilities.” Additionally, the Provincial Government indemnified the City of Toronto and the Federal Government against liability arising out of: (i) the Multi-Party Agreement, or (ii) the use or occupancy of any

lands/buildings/facilities used in connection with the Pan-Am Games (excluding situations where the City of Toronto or Federal Government were negligent).

Legacy Trust

The Hosting Proposal Part 2 notes that Hamilton100 has budgeted for a Legacy Fund and that a similar governance structure to that of the 2015 Toronto Pan-Am Games will be developed to manage the Fund. In the case of the 2015 Toronto Pan-Am Games, the Legacy Fund was managed by a Committee composed of the Federal and Provincial governments, the City of Toronto and the Canadian Olympic and Paralympic Committees.

Entertainment District Facilities

The venue inventory includes a convention centre and arena (7,000-10 K seat capacity). The Sport Venue Plan notes that the convention centre and arena will be either existing or new and shows the location as the downtown core. FirstOntario Concert Hall is also identified as a venue.

Other Bids

Commonwealth Games Canada has confirmed that Hamilton is the sole Canadian community bidding for the 2030 Commonwealth Games. A community consortium in Calgary, Alberta is preparing a bid for the 2026 Commonwealth Games also for submission on March 9, 2020. CGC will only endorse one bid for either the 2026 or 2030 Games and that endorsement will be based on the outcome of the review of submissions due March 9, 2020.

India has expressed interest in bidding for the 2026 and 2030 Commonwealth Games.

ALTERNATIVES FOR CONSIDERATION

- (a) That Council endorse the Hosting Proposal Part 2 developed by Hamilton100 to host the 2030 Commonwealth Games in Hamilton for submission to Commonwealth Games Canada by March 9, 2020;
- (b) That the Mayor be authorized to sign a letter of endorsement to host the Commonwealth Games and that expresses awareness that the City of Hamilton will be required to make a financial investment in the planning, delivery and legacies of a Commonwealth Games. The signed letter is to be added to Hamilton100's Hosting Proposal Part 2 submission;
- (c) If the Hosting Proposal Part 2 is submitted, that staff report back to the General Issues Committee on the outcome of the domestic bidding process for direction.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and 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.

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

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

Culture and Diversity

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PED19108(d) - Hamilton100 Hosting Proposal Part 2

Appendix “B” to Report PED19108(d) - Hamilton100 2030 Commonwealth Games Bid Brief

Appendix “C” to Report PED19108(d) - Motion as Amended by Council on November 13, 2019

Appendix “D” to Report PED19108(d) - Commonwealth Games Canada - Governance Delivery Model

CBJ:ac