




**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Environmental Services Division**

<b>TO:</b>	Mayor and Members Committee of the Whole
<b>COMMITTEE DATE:</b>	May 13, 2020
<b>SUBJECT/REPORT NO:</b>	Confederation Beach Park - Wild Waterworks 2020 Season (PW20029) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Adriana Byrne (905) 546-2424 Ext. 2156
<b>SUBMITTED BY:</b>	Craig Murdoch Director, Environmental Services Public Works
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the City of Hamilton accept the proposal from the Hamilton Conservation Authority, operator of Wild Waterworks at Confederation Beach Park, for Wild Waterworks to remain closed for the 2020 Operating Season due to the COVID-19 pandemic;
- (b) That the estimated negative budget variance of \$425,000 be funded by the Tax Stabilization Reserve (110046); and,
- (c) That the General Manager of Public Works be granted the authority to execute, on behalf of the City, any revisions to the Management Agreement with the HCA and any related or ancillary documents necessary to implement Recommendation (a) each in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

The Hamilton Conservation Authority (HCA) operates Confederation Beach Park which includes Wild Waterworks under a management agreement with the City of Hamilton (City). Under this agreement the HCA is responsible for operating and maintaining the park, Wild Waterworks and to prepare an annual operating plan and budget. The Agreement requires the HCA to advise the City, as soon as it becomes aware, that the

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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.

**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 2 of 9**

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Park faces a risk of running an operating deficit and to jointly, with the City, identify the reason and implement measures to mitigate the deficit.

The COVID-19 pandemic has been identified as a major impact to the operations at Wild Waterworks. The HCA has made a formal recommendation that the waterpark remain closed for the 2020 operating season. This recommendation has been approved by the HCA's Board of Director's Chairman and Chief Administrative Officer (CAO) who have been given this delegated authority during the pandemic. The Park Management Review Team, a joint City/HCA group that oversees the management agreement between the two parties, accepts and supports this proposal made by the HCA.

If the waterpark is prepared and staffed for opening during the 2020 season, the estimated operating deficit for the waterpark could be as high as \$2.63M. The COVID-19 pandemic presents risks that will negatively impact attendance and/or expenses such as: mandated maximum size of gatherings of people, physical distancing requirements, costs of new sanitation requirements and costs of personal protective equipment and barriers for staff.

The closure of Wild Waterworks would result in an estimated operating loss for the waterpark of \$425,000. This measure would mitigate the potential operating deficits that would be realized if the waterpark was to open. Closure of the waterpark does not impact the remaining aspects of Confederation Beach Park, including the opening of Lakeland pool. Other areas would remain open and operating subject to provincial and public health guidelines.

**Alternatives for Consideration – See Page 8**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The closed waterpark will generate no revenue and will run a deficit estimated at \$425,000. Even though the waterpark would be closed, certain expenses will still be incurred related to minimal staff, equipment maintenance, grass cutting, security, basic essential preventative maintenance and the advertising fees that were incurred prior to the start of the pandemic. The operation of the rest of Confederation Beach Park could offset some or all of this deficit, although it is not yet clear the extent of the impact the COVID-19 pandemic will have on other Confederation Beach Park operations. If Wild Waterworks were to open and full or partial restrictions remain in place to limit the spread of COVID-19, the operating deficit could be as high as \$2.63M.

**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 3 of 9**

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**Staffing:** There is no impact to City staff. Staffing impacts would be experienced by the HCA and would result in 150 seasonal staff not being hired. Work will still be required at Wild Waterworks, which will be completed by 3 full-time staff and 3 contract staff who will be completing preventative maintenance.

These staff can also be redeployed to Confederation Beach Park to assist in ongoing operations and maintenance. This decision will result in no layoffs.

**Legal:** Legal Services has been consulted to confirm the City's obligations under the management agreement. As the agreement does not contemplate a shut-down of all or part of the Park including the Wild Waterworks portion (WWW), Legal Services has provided compliance advice primarily related to having the Park Management Review Team review the HCA recommendation and bringing this recommendation to Council.

## **HISTORICAL BACKGROUND**

On March 30, 2020, the Government of Ontario extended the Declaration of Emergency, issued on March 17<sup>th</sup>, and associated emergency measures, including the closure of non-essential workplaces and restrictions on social gatherings, in an effort to stop the spread of COVID-19. On this day, the Province issued a new emergency order to close all outdoor recreational amenities, such as pools, beaches, sports fields and playgrounds.

Following this announcement, the Parks and Cemeteries Section, Environmental Services Division, Public Works Department and Recreation Division, Healthy and Safe Communities Department were in communication with the HCA regarding their common operational challenges related to the pandemic and specifically the impact on Confederation Beach Park and Wild Waterworks which is operated by the HCA on behalf of the City.

On April 24, 2020, the HCA sent formal written notice to the City of Hamilton, attached as Appendix "A" to Report PW20029, recommending keeping Wild Waterworks closed for the 2020 season given the COVID-19 pandemic and the likelihood that physical distancing will extend into the summer and the financial impact it would have on operations.

On April 25<sup>th</sup>, the Government of Ontario announced an extension of the closure of Provincial Parks and Conservation Reserves to May 31, 2020. Shortly after this the Government of Ontario released guiding principles to reopen the Province through a three staged approach. Although no timelines have been provided, it is believed that

**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 4 of 9**

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Wild Waterworks would only open under stage three of the proposed plan and there may be restrictions on how it is operated.

The City's internal consultation took place during the month of April and early May. On May 4, 2020, a special Park Management Review Team meeting was held to formally review and vote on the recommendation put forward by the HCA as is required under the Confederation Park Management Agreement which governs the relationship between the City and the HCA.

The Park Management Review Team voted unanimously in support of the HCA's recommendation and moves these recommendations to Council for approval as required by the management agreement given its ramifications for the objectives and budgets set by the City.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS – Not applicable.**

**RELEVANT CONSULTATION**

The City and the HCA have each independently conducted relevant consultations.

The HCA has:

- maintained weekly contact with other members of the Canadian Waterpark group under the World Waterpark Association umbrella. The consensus of the group is a "wait and see what happens" approach. Most are looking at a drop-dead opening date of July 1<sup>st</sup>. This is a common date in order to be able to have a successful season financially; and
- looked to The Lifesaving Society and International Association of Amusement Parks and Attractions (IAAPA) which has provided guidance related to the impact of the pandemic and topics such as a reopening framework, cleaning and sanitization requirements. Wild Waterworks is one of the smaller parks (capacity wise) and does not have other attractions that it may be able to operate to help offset costs like some other parks do. Accordingly, Wild Waterworks could face greater adverse impacts relative to larger parks under social distancing requirements.

Through a joint effort, led by the Parks and Cemeteries Section, Environmental Services Division, Public Works Department and the Recreation Division, Healthy and Safe Communities Department, consultation with internal departments included input from the following internal groups:

- Corporate Services Department, Financial Planning Administration & Policy, who have confirmed the financial risk analysis.

**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 5 of 9**

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- Corporate Services Department, Legal and Risk Management Services Division, who have provided direction related to the management agreement.
- Healthy and Safe Communities Department, Public Health, has noted that the closures and associated restrictions are part of the Provincial direction, which may change later this year.

Formally, the Park Management Review Team Committee met on May 4, 2020 and voted in support of HCA's recommendation to remain closed for the 2020 operating season in order to mitigate the operating deficit.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The City and the HCA has a shared duty under the management agreement to implement measures to mitigate operating deficits.

**Proposed Closure:**

- Closure would reduce the loss to approximately \$425,000 from what could be as high as \$2.63M.
- Closure costs impact both organizations as HCA would lose revenues for its operating budget from the management fee as noted in the management agreement.
  - The HCA receives a management fee equal to 15% of expenses and closure would result in a decrease in operating costs and an anticipated loss of approximately \$300,000 for HCA which will be covered through HCA operating reserves.
- Closure of Wild Waterworks does not impact the remaining aspects of Confederation Beach Park, including the opening of Lakeland pool, and other areas would remain open and operating subject to provincial and public health guidelines.
- Closure provides an opportunity to address all required Hamilton Public Health Department capital upgrades. The Eazy River repair project would be done more economically if completed in the summer period when the weather would be more conducive for this work rather than broken up between this fall and next spring. Also, the Little Squirt Works capital upgrades will be completed this spring/summer.
- In a normal year, Wild Waterworks operates from mid-June until Labour Day and requires over 100,000 patrons during that time to generate enough revenue to cover costs. This can mean up to 4000 patrons at the site on a single day.
- The facility requires six weeks of preparation to open to the public for staff training, inspecting and maintaining all the attractions, scheduling and passing all required inspections from Technical Standards & Safety Association and Public Health prior to opening.

**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 6 of 9**

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- Given current restrictions in place due to the COVID-19 pandemic, and assuming that restrictions will ease to permit the facility to open at some point, the operating season has already been reduced as it will not be ready for mid-June and new opening target would be July 1.
- Each additional week delay beyond July 1 results in a further loss of \$250,000 up to an estimated maximum of \$2.63M.

The following table estimates the anticipated operating deficit for WWW that is expected for 2020 if the waterpark remains closed for the season.

<b>Revenues</b>	<b>Total (\$)</b>
Wild Waterworks admissions	-
Wild Waterworks food	-
<b>Total Revenue (WWW)</b>	-
<b>Expenses</b>	
Waterpark Operations	\$ 300,000
Concession Operations	-
Marketing & Advertising	\$ 20,000
Administration/Insurance/Water	\$ 50,000
Management Fees	\$ 55,500
<b>Total Expenses (WWW)</b>	\$ 425,500
<b>WWW Surplus/(Deficit)</b>	\$ (425,500)

The HCA would still incur costs associated with the waterpark during a closed season related to minimal staff, equipment maintenance, grass cutting, security, basic essential preventive maintenance and the advertising fees that were incurred prior to the start of the pandemic. Closure of Wild Waterworks does not impact the remaining aspects of Confederation Beach Park, including the opening of Lakeland pool, and other areas would remain open and operating subject to provincial and public health guidelines. Closure provides an opportunity to address the approved capital work on the Eazy River and Little Squirt Works attractions.

**WWW Park Opening Scenario:**

In 2020, the COVID-19 pandemic adds the following risks that will impact attendance and/or expenses:

- Mandated maximum size of gatherings of people;
- Physical distancing requirements;
- Public support and confidence in returning to a waterpark;
- Discretionary income to spend on recreation may be limited; and

**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 7 of 9**

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- Costs of new sanitation requirements for inflatable tubes, washrooms, life jackets, and high touch surfaces to keep them clean and disinfected and costs of personal protective equipment and plexi-glass barriers for staff.

It is estimated that the potential 2020 operating deficit for Wild Waterworks operation would be as much as \$2.63M.

The waterpark relies on good attendance throughout the summer which is made possible by being able to welcome large event-sized crowds each day, the desire for park users to visit the waterpark and lots of users from school and camp programs.

In a normal year, Wild Waterworks operates from mid-June until Labour Day. Preparation of the facility requires a minimum of six weeks to allow for staff training, inspecting and maintaining all the attractions, scheduling and passing all required inspections from Technical Standards & Safety Association and Public Health.

Attendance of 100,000 has been established as the break-even point to cover operating costs for a normal season. Attendance fluctuates each year; however, Wild Waterworks typically sees between 1,000 to 4,000 patrons per day, with attendance prior to 2020 being largely weather dependent. Given current timing, the operating season would be no more than 74 days, therefore requiring an average of 1,400 visitors per day to meet the break-even attendance of 100,000 entrants. Limitations on gathering sizes would greatly restrict the ability to meet this daily target to break even and increases the likelihood of a large negative budgetary variance.

Current restrictions in place until May 12<sup>th</sup> do not allow sufficient time for the facility to be made ready to open for a regular season start, given current restrictions in place due to the COVID-19 pandemic, and assuming that restrictions will ease to permit the facility to open at some point, the operating season has already been reduced as it will not be ready for mid-June and a new opening target would have to be July 1. Each additional week delay beyond July 1 results in a further loss of \$250,000.

Waterpark operations are based on high fixed costs, as all slides, pools and concessions must be staffed and in operating condition when the park is open; there would be no ability to reduce operating costs during an open season, in fact additional costs would be incurred during the 2020 season to cover the following:

- Anticipation that additional sanitation procedures will be required for high touch surfaces such as railings, shower and change rooms, lockers and concession areas;
- Anticipation that disinfecting of amenities such as slides and inflatable tubes as well as life jackets shared by patrons will be required (an added cost and an operational challenge);

**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 8 of 9**

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- Additional staffing would likely be required at the entrance to expedite entry through the front gate and provide line-up control to support physical distancing; and
- Personal protective equipment and plexi-glass barriers for staff.

Staff absences related to potential COVID-19 symptoms, could also increase operating costs and be a challenge to meeting the staff complement required to operate the

waterpark and physical distancing would be difficult to ensure within the Wild Waterworks setting and specifically the wave pool.

With consideration of the above, keeping the waterpark closed for the 2020 season will mitigate operational deficits associated with opening; closure would reduce the loss to approximately \$425,000.

Closure costs would impact both organizations as HCA would lose revenues for its operating budget from the management fee as noted in the management agreement. HCA receives a management fee equal to 15% of expenses and closure would result in a decrease in operating costs and an anticipated loss of approximately \$300,000 for HCA which will be covered through HCA operating reserves.

### **ALTERNATIVES FOR CONSIDERATION**

Direct HCA to prepare Wild Waterworks to open during the 2020 Operating Season as soon as a Provincial directive would permit its opening.

#### **Financial:**

Preparing the waterpark to open and not being permitted to welcome any patrons during the season would result in a \$2.63M operating deficit. The severity of the financial implications would depend on when the provincial restrictions would be lifted to permit a facility such as Wild Waterworks to be opened. Each additional week delay beyond July 1 results in a further loss of \$250,000 up to the estimated maximum of \$2.63M.



**SUBJECT: Confederation Park Wild Waterworks 2020 Season  
(PW20029) (City Wide) - Page 9 of 9**

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The following table estimates an anticipated deficit of almost \$2.63M if WWW is opened and unable to welcome any patrons.

<u>Revenues</u>	<u>Total (\$)</u>
Wild Waterworks admissions	\$0
Wild Waterworks food	\$0
Total Revenue (WWW)	\$0
<u>Expenses</u>	
Waterpark Operations	1,953,600
Concession Operations	68,265
Marketing & Advertising	100,000
Admin/Ins/Water	165,000
Management Fees	343,030
Total Expenses (WWW)	2,629,895
WWW Surplus/(Deficit)	(2,629,895)*

\*City is assuming a worst-case scenario of waterpark being open but no patrons and no revenues.

**Staffing:** The HCA would need to hire all temporary staff in addition to their permanent staff and would need additional staff estimated at 15-20 to ensure sanitization and support for physical distancing. The HCA will hire a minimum of 150 seasonal staff to ensure the waterpark is staffed appropriately.

**Legal: N/A**

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

### **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.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" - Letter from Hamilton Conservation Authority