



Hamilton Collaborative Partnership Group  
Community Hub/Multi-Sport Indoor Facility Project

July 6, 2020

Chairperson and Members  
Emergency and Community Services Committee  
Hamilton City Hall  
71 Main Street West  
Hamilton, Ontario.  
L8P 4Y5

Response to City of Hamilton Staff Report HSC20026 (City Wide) dated June 19, 2020

Dear Chairperson and Members.

Our Project Team is comprised of several, dedicated community leaders who have devoted a great deal of personal time and resources towards a proposed Community Hub & Multi-Sport Indoor Facility that will provide significant benefits to over thirty community groups and organizations within our community and in particular programs and services to serve Hamilton's underserved populations.

On July 8, 2019, members of our group met with Hamilton City Staff to submit our formal proposal which consisted of nearly five hundred pages of details and supporting documentation which could have possibly answered or clarified most of the questions raised at the recent June 19<sup>th</sup> meeting. I'd also like to point out the obvious difficulties involved with the current restrictions for Public Delegations and the complexities involved within our proposal which is hindering our ability to communicate a clear and accurate message in order to provide you with the opportunity to make informed decision.

The attached Information Report responds to the information submitted by City Staff on June 19<sup>th</sup> and some of the questions raised by members of your Committee and will hopefully clarify a few of the critical areas of our proposal. In particular the recommended business plan will address current City of Hamilton infrastructure deficiencies and provide a significant cost benefit which offers a fully sustainable, public facility, which will have the potential of generating millions of dollars in economic benefits to our community.

The areas you may find of particular interest include details related to our current Investing in Canada Infrastructure Program (ICIP) funding application and synergies created as a possible joint-project initiative with the proposed Commonwealth Games bid. The "stack funding" scenario being highlighted would provide the City of Hamilton with a direct \$44 million dollar contribution towards several proposed Games venues and most of all, \$0 additional dollars from Hamilton taxpayers.

Respectfully,

Kevin Gonci  
Chairman





**Hamilton Collaborative Partnership Group**  
Community Hub/Multi-Sport Indoor Facility Project

# INFORMATION REPORT

Response to City of Hamilton Staff Report HSC20026 (City Wide) dated June 19, 2020

Date: July 3, 2020

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## **COUNCIL DIRECTION**

At its meeting of February 21, 2019, the Emergency and Community Services Committee directed staff to meet with the Hamilton Collaborative Partnership Group and report back to the Emergency and Community Services Committee with any and all options be explored including the feasibility of the City of Hamilton partnering with this group.

## **FURTHER DIRECTION**

At its meeting of October 17, 2019, the Emergency and Community Service Committee passed the Motion which supported the Hamilton Collaborative Partnership Group’s submission of an Investing in Canada Infrastructure Program (ICIP) funding application. This motion included:

- The City of Hamilton provide a letter of support for HCPG’s Multisport Facility Funding Application;
- That if the HCPG are successful in obtaining Infrastructure funding, HPCG be directed to appear before the Emergency and Community Services Committee with the financial update; and
- That should the HCPG not be successful in obtaining Infrastructure funding for the project, that staff be directed to include this project as part of the Commonwealth Games Facilities Master Plan, should Council approve the Games 100 bid.

## **BACKGROUND**

The Hamilton Collaborative Partnership Group (HCPG) is a non-profit organization which represents a consortium of groups and interests in the City of Hamilton who have collectively expressed the need for additional indoor program space. This need was identified through a comprehensive feasibility study completed by the firm of Architecture 49 and included a series of community online surveys, public consultations, interviews and research.

Based on the results of this study, the community groups and organizations listed in **Table 1** have expressed an interest in making use of the facility for programs, services, activities, special events and competitions.

## **PROPOSAL OVERVIEW**

### **Ownership Model**

We are proposing a City of Hamilton Ownership Model (property/facility/equipment) which will involve a design/build/operation/maintain tendering process and third-party Operational Maintenance Agreement. This model has a proven record of success through the current Four Pad Arena facility between the City of Hamilton and Hamilton Arena Partners in which Nustadia Recreation Inc. is responsible for the day-to-day facility operations. We have identified that this facility would qualify as a Municipal Capital Asset designation which will allow for annual tax savings.

Table 1 – Community Groups and Organizations

Hamilton YWCA
Boys and Girls Club of Hamilton
Aboriginal Health Centre
Indigenous Youth and Employment & Training Program
City Kidz
Redeemer University
Variety Village of Ontario
Hamilton Accessible Sports Council
Canada Basketball
Volleyball Canada
Athletics Canada
Ontario Basketball
Ontario Volleyball
Ontario Lawn Bowling Association
Ontario Special Olympics
Ontario Masters Athletics
Sport Hamilton
Hamilton CANUSA Games
Blessed Sacrament Yellow Jackets Basketball Club
UPLAY Canada Basketball
Hamilton Celtics Basketball
Maga Basketball Camps
Ancaster Lions Volleyball Club
Hamilton Smash Volleyball Club
Mountain Volleyball Club
Mountain Athletics Volleyball Club
Hamilton Olympic Club
Golden Horseshoe Track & Field Council
Royal Canadian Legion – Ontario Command
Niagara Olympic Club
91 <sup>st</sup> Highlanders Athletics Association
Hamilton Elite Athletic Team
Stoney Creek Athletics
Thorold Elite Track & Field Club
Monte Cristo Track Club
Westdale Fencing Club
Pickleball Hamilton
Extreme Dodgeball Hamilton
Hamilton Hornets Rugby Football Club
XCEL Sport Testing
Wishbone Athletics
ALP Training Institute

## **Facility Operations**

Our proposal recommends the creation of an Operational Maintenance Agreement between a third-party operator and the City of Hamilton with a contribution from the Hamilton Collaborative Partnership Group in accordance with an agreed upon Anchor Tenant Agreement. The following points are recommended for inclusion within the Operational Maintenance Agreement.

- Inclusion of a subsidized access policy in accordance with the City of Hamilton Recreation Assistance Program.
- A “break-even” approach to facility operations.
- The creation of a Facility Management Review Team (FMRT) comprised of representatives from the City of Hamilton, Third-Party Operator and Hamilton Collaborative Partnership Group.
- The FMRT will oversee issues related to the operational management of the facility and will report to Hamilton City Council on an annual basis.
- Any operating deficits will be recovered through future surpluses before disbursements of any shared surpluses.
- Any surpluses will be shared between the City of Hamilton and Third-Party Operator and Hamilton Collaborative Partnership Group.
- Conversely, any deficit will be shared equally between the three parties.
- Financial accountability will include an annual audit review by an independent Financial Auditor.
- The third-party operator will receive an annual management fee in addition to a percentage of the gross revenues from sponsorships, advertising, vending, leasing, pouring and naming rights.
- The City of Hamilton will maintain a Capital Reserve Fund used primarily to finance major capital repairs to the facility and any future deficits.

### **Facility Operation – Hamilton Collaborative Partnership Group**

We are proposing that the community stakeholders (comprising the HCPG) would have the capacity to contribute to the facility operations through the following roles/functions/activities:

- Licensed Anchor Tenant Agreement with the City of Hamilton.
- Member of the Facility Management Review Team.
- Guaranteed minimum number of facility booking hours.



- Contribution towards any annual operating deficits.
- Contribution towards Capital Reserve Fund.
- Contribution towards the Operating Stabilization Account.
- Provision and maintenance of program specific equipment.
- Participation in any facility capital fundraising campaigns, including revenue generation activities involving grant applications, sponsorships, advertising and naming rights.
- Coordination of bid submissions o host major events and competitions in conjunction with Hamilton Tourism office.
- Provision of inclusive & accessible community programs & services which target underserved populations.

**Building Program & Conceptual Design Plan**

**Table 2** refers to the proposed building program and conceptual design plan which was based on a community consultation process and stakeholder engagements.

Our estimates should be treated as a preliminary starting point and does not necessarily reflect the final plan which will require further stakeholder commitments and City of Hamilton input.

**Table 2 – Building Program & Conceptual Design Plan**

<b>Building Program</b>	<b>Square Meters</b>	<b>Square Feet</b>
<b>Level 1</b>		
Field House with IAAF 200m track & field area with optional turf infield or three multi-court areas with spectator seating.	6,131.6	66,000
6 Multi-Court Gymnasiums.	5,470	58,879
Change Rooms (Male/Female/Family)	1,115	12,000
Fitness/Sports Therapy Space	836	9,000
Community & Cultural Centre Space.	857	9,222
Lobby, Café, Reception, Circulation	1,579	17,000
Storage/Receiving/Mechanical/Electrical	249	2,680
Sub-Total Level 1	16,238	174,781
<b>Level 2</b>		
Administration/Sport Offices/Meeting Rooms	1,498	16,119
Restaurant & Washrooms	845	9,100
Sub-Total Level 2	2,343	25,219
Total Building Area	18,580.6	200,000

## **CAPITAL FUNDING PLAN**

Our Capital Funding Plan is based on the successful submission and approval of the recently announced Investing in Canada Infrastructure Program (ICIP) funding application which involves a typical cost-sharing system involving federal, provincial and municipal or community contributions.

### **Summary**

- Approximately 200,000 sf facility.
- Based on \$300.00 per square feet – (See Cost Per Square Foot Calculation).
- Federal contribution \$24 million.
- Provincial contribution \$19.9 million.
- Municipal/Community contribution \$16 million (split equally) – See “Community Contribution” and “City of Hamilton Cost Recovery”.

### **Cost Per Square Foot Calculation**

Our Capital Building Cost estimate is based on industry standards in accordance with the various building systems available. Final decisions towards the preferred building system or combination of two or more systems (such as fabric/dome, pre-fabricated or bricks & mortar) will determine the final building cost total and will be based on budgetary considerations, functionality and location.

The bench mark used to calculate our estimated building cost was based on a “high-end” square footage calculation. The availability of alternative building material options can result in a significant building cost reduction of approximately \$20 million dollars.

### **Community Contribution**

We have secured up to \$10 million dollars in conditional funding involving debt financing and capital contributions as well as identifying alternative funding strategies (totalling \$10 million dollars) available through eligible grants, sponsorships and naming rights.

### **City of Hamilton Cost Recovery**

We are proposing that the City of Hamilton contribution will be recovered through annual operational revenues and any non-eligible “tax” costs will be recovered through projected Development Charges (DC) between \$4 to \$6 million dollars and eligible community partner tax rebates.

**Cost Remediation Strategies**

Similar to the Arena Four Pad Development (which was completed under budget) we are proposing that an “on budget” stipulation be included with the public tendering process. Combined with a 25% contingency allowance, we do not anticipate any project cost overruns.

We are proposing a flexible square footage calculation based on variable building materials which can result in an overall building cost reduction of up to \$20 million dollars. We have also identified other planning and design efficiencies which have the potential of providing nearly \$2 million dollars in additional building cost savings including:

- Roofing materials \$1.3 million.
- Inner partitions \$56,000.
- Floor coverings \$168,000.
- Gymnasium flooring \$36,000.
- Acoustics \$100,000.

**CAPITAL COST PROJECTIONS**

**Table 3** provides a summary of the identified capital cost projections consisting of the “soft” cost estimates including ICIP eligibility.

**Table 3 – Summary Capital Cost Projections**

<b>COST</b>	<b>ICIP ELIGIBLE</b>	<b>NOTE</b>
Development Charges (DC)	YES	\$4 to \$6 million
Contingency	YES	Up to 25% or \$15 million
Legal	NO	\$10,000 to \$25,000
Project Management	YES	\$300,000 to \$400,000
Taxes	NO	\$7 to \$8 million - Recovered through Development Charge fees.
Land/Property	NO	Proposed City of Hamilton contribution.
Design	YES	\$2 to \$3 million
Geotech Report	YES	\$25,000 to \$30,000
Financing	NO	
Climate Lens Assessment	YES	
Community Employment Plan	YES	
Permits	YES	\$8,000 to \$10,000
Site Services/Utilities	YES	\$180,000 to \$300,000
Surveys	YES	\$30,000 to \$40,000
Furnishing & Equipment	YES	\$250,000 o \$300,000

**Considerations**

Our initial per square foot cost calculation included many of the Capital Cost Projections identified in Table 3. The uncertainty of the cost estimate arises because the scope of the project is defined at only a conceptual level and there are many uncertainties including:

- Geotechnical considerations such as soil bearing capacities;
- Location;
- Servicing, including requirements for storm water management and drainage, water, sanitary, gas and electric services;
- Construction timing;
- Desired level of finishes;
- Changes in the facility program;
- Market conditions (such as the price of steel).

**BENCHMARK PROJECTS**

To validate our conceptual estimate, it is useful to examine similar recent projects identified in **Table 4**.

**Table 4 – Comparable Benchmark Comparisons.**

<b>PROJECT</b>	<b>DESCRIPTION</b>	<b>COST</b>	<b>COST/SF</b>
Lakeshore Multi-Use Recreational Facility (Phase 1)	17,000 sf (2014) 3 pad arenas, indoor walking track, gymnasium, library branch and community spaces.	\$43.8 M	\$267
Libro Credit Union Centre	165,000 sf (2010) twin pad arena, indoor regulation soccer field, track, meeting and banquet facilities.	\$23.9 M	\$164
Young’s Sportsplex (Welland)	127,700 sf (2012) Indoor regulation soccer field, 4 tennis courts, offices and ancillary facilities.	\$15.8 M	\$134

**LOCATION**

Our Project Group has not established a preferred site and our various community partners have indicated a commitment regardless of location. To this end, we have recently identified several possible options which would include both cost-effective benefits and joint development opportunities which align with the City of Hamilton Recreation Strategic Plan. Although we have proposed a variety of different property options, we would recommend a City of Hamilton property contribution or possible available land swap alternative.

**FACILITY REVENUE**

We are proposing a fully sustainable facility operation based on diversified funding sources from various operations as indicated within **Table 5** including:

- Track & Field Facility operations.
- Multi-Court Facility Operations.
- Turf Field Facility Operations.
- Commercial Leased Space Operation.
- Food Services (Restaurant/Snack Bar/Vending) Operations.
- Multi-Use Room Space Operations.
- Potential Outdoor Space Operations.
- Corporate Sponsorship & Advertisements.

**Table 5 – Summary of Estimated Annual Revenue**

Track & Field Area	\$646,968.00
Multi-Court Area	\$1,079,680
Turf Field Area	\$329,600
Leased Space Area	\$617,800.00
Misc. Other Revenue	\$626,000
Total estimated annual revenue	\$3,300,048.00

**FACILITY EXPENSES**

The annual facility operational and management costs are detailed within **Table 6**.

**Table 6 – Summary of Annual Operational and Management Costs**

Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries & Wages	\$649,795	\$662,791	\$676,047	\$689,568	\$703,359
Utilities	\$250,000	\$255,000	\$260,100	\$265,302	\$270,608
Facility Management Fees	\$150,000	\$153,000	\$156,060	\$159,181	\$162,365
Repairs, Maintenance, Supplies	\$100,000	\$102,000	\$104,040	\$106,121	\$108,243
Insurance	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122
Marketing & Advertising	\$36,000	\$36,720	\$37,454	\$38,203	\$38,968
Other	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122
<b>Total Costs</b>	<b>\$1,285,795</b>	<b>\$1,311,511</b>	<b>\$1,337,741</b>	<b>\$1,364,495</b>	<b>\$1,391,787</b>

### FACILITY NET PROFIT/LOSS

Our Net Profit/Loss calculation is determined by calculating the total annual revenue minus annual costs as indicated within **Table 7**.

**Table 7 – Summary of Net Profit/Loss Assessment**

<b>Revenue</b>	
Track & Field Area	\$646,968.00
Multi-Court Area	\$1,079,680
Turf Field Area	\$329,600
Leased Space Area	\$617,800.00
Misc. Other Revenue	\$626,000
<b>Total estimated facility revenue</b>	<b>\$3,300,048.00</b>
<b>Costs</b>	
Operational Costs	\$636,000
Personnel Costs	\$649,795
<b>Total estimated facility costs</b>	<b>\$1,285,795</b>
<b>Net Benefit Calculation (costs subtracted from revenue)</b>	<b>Net \$2,014,253.00</b>

### ECONOMIC BENEFITS – SPORTS TOURISM

For the purpose of calculation, we have used the Ministry of Tourism, Culture and Sport (MTCS) TRIEM model to assess the overall estimated economic impact of our facility based on the identified user groups. Data input was derived from benchmark events previously hosted in other jurisdictions in conjunction with stakeholder input or expressions of interest towards hosting future events/competitions. The following calculations are based on the estimated total number of visitors to our community taking into consideration the number of days visited (overnight stays) and historical spending patterns previously documented for Sporting Events.

We have completed 34 TRIEM Reports representing four specific sport areas including: Indoor Track & Field; Basketball; Volleyball; and Multi-Sport/Other who have collectively reported to have the interest and capacity to host nearly 90 major events and competitions through the use of our facility.

**Table 8 – Summary of Sports Tourism Events & Economic Impact**

Basketball	Events (11)	\$2,554,094
Track & Field (Sub-Total)	Events (10)	\$676,581
Volleyball (Sub-Total)	Events (6)	\$744,928
Multi-Sport/Other (Sub-Total)	Events (9)	\$724,205
Combined Total Economic Impact	Total Events (36) *Total Eligible Events (90)	\$4,699,808

**OTHER ECONOMIC BENEFITS**

Construction Jobs - Proposed facility will create an average of **1,040 construction jobs** over the scheduled construction period of the build. (Source: Toronto Construction Association, which estimates that 20 person years of employment are created for each \$1 million in construction cost.).

- Employment – Proposed facility will employ the equivalent of **13 FTE permanent jobs**.
- Estimated Economic Spin-offs of **\$6.5 million for first year** - based on the following assumptions:
  - Total Net revenues collected \$1.7 million.
  - Estimated spending on third lease tenants – food & beverage, sport retail, fitness centre, sport injury clinic etc. \$3 million.
  - Approximately \$4.7 million in revenue a year would flow directly in the local economy resulting in new investment, job creation and additional consumer spending.
  - Using an average industry multiplier of 2.0, our proposed facility will provide an estimated \$9.4 million in economic spin-offs annually.

**CITY OF HAMILTON RECREATION STRATEGIC PLAN – STATUS QUO**

The current City of Hamilton Recreation Strategic Plan has identified the future need for Recreation Centre facilities in Binbrook and Waterdown. **Table 9** illustrates a comparison between a Status Quo approach and the facility development plan we are proposing. Both options are presented based on the current ICIP funding model.

Table 9 – Status Quo Comparison

City of Hamilton Recreation Centre		Hamilton Collaborative Partnership Group Multi-Sport Facility
54,000 sf	SIZE	200,000 sf
\$28 million dollars	COST	\$60 million dollars
\$7.3 million dollars	ICIP CONTRIBUTION	\$8 million repayable dollars
100% Tax Payer Supported	TAXPAYER IMPLICATIONS	Fully sustainable
N/A	ANNUAL REVENUE	\$2 million dollars
\$0	ECONOMIC IMPACT	\$14 million dollars

**POTENTIAL JOINT – PROJECT OPPORTUNITIES**

The Hamilton Collaborative Partnership Group is committed to addressing the needs of our community and values the cost-effective synergies which potentially exist through joint-project initiatives. We have identified up to three potential joint-project initiatives which we are willing to explore however are unable to commit unless our ICIP funding application is approved. It is unlikely that our proposed facility development will succeed without this funding however, if approved, will be very difficult to execute with City of Hamilton involvement.

**Potential Joint-Project Opportunities**

1. Multi-Purpose Community Hub for Diverse & Marginalized Communities proposal.
2. Indoor Soccer Facility proposal.
3. Commonwealth Games proposal.

**INVESTING IN CANADA INFRASTRUCTURE PROGRAM (ICIP) – APPLICATION STATUS**

**Overview**

- Athletics Ontario is the Provincial Sport Governing Body for Athletics in the Province of Ontario and has agreed to serve as the Lead Applicant for our application in collaboration with thirty community partner groups and organizations.
- We have been advised by Provincial Intake Staff that unresolved areas of our application (partnership with the City of Hamilton, location, confirmed funding commitments) do not disqualify us from



submitting an application, however, these areas will need to be resolved before final funding decisions are approved.

- Applications are currently being reviewed at the Provincial level and should be completed by the end of August 2020.
- Successful Provincial applications will be forwarded for Federal approval with decisions being made in the fall of 2020.
- It is highly recommended that the City of Hamilton consider joining our application as a “Joint Partner” in order for our application to be successful.
- We would recommend that the unresolved areas (partnership with the City of Hamilton, location, confirmed funding commitments) be resolved before our application advances to the Federal review in the fall of 2020.
- Timeline - Projects must be completed by March 31, 2027.
- Joint project initiatives are highly recommended.
- Stack funding allows for multiple funding sources to be combined to create larger project outcomes.

#### **COMMONWEALTH GAMES VENUE OPTION**

Initial projections have indicated that the City of Hamilton will be asked to contribute an estimated \$100 million dollars towards hosting the Commonwealth Games. We are proposing that our ICIP funding application has the potential of contributing approximately \$60 million dollars towards this total.

We have also confirmed that this option would qualify as a joint-project initiative and be eligible for “stack funding” contributions which equals to \$0 additional dollars being required from the City of Hamilton and provide for a significant cost savings to Hamilton tax payers.

Our proposed facility has the potential of serving as a stand-alone Commonwealth Games venue or has the potential of being severed into multiple projects which can serve as Commonwealth Games venues or infrastructure.

Taking into consideration our current ICIP funding application amount, we have identified the potential direct financial benefit of up to three possible venue developments including:

- \$20 million dollars (Multi-Sport Facility) Waterdown.
- \$20 million dollars (Multi-Sport Facility) Binbrook.
- \$20 million dollars (Track & Field venue) Mohawk Sports Park.

Table 10 – Sample of ICIP Contribution towards Commonwealth Games Venue Plan (Stack Funding)

City of Hamilton Commonwealth Games Contribution	\$100 million dollars
ICIP Application - Federal Contribution	\$24 million
ICIP Application – Provincial Contribution	\$20 million
ICIP Application – Municipal Contribution	\$0

**Benefits**

- Up to \$44 million dollars available as part of the City of Hamilton CWG contribution amount.
- Resulting in a \$44 million dollar savings for Hamilton taxpayers.
- Providing up to \$44 million dollars towards potentially three CWG venue developments.

**CITY OF HAMILTON CONTRIBUTION – SUMMARY**

1. \$8 million dollars direct capital contribution. – Payable over a four-year period (2021 to 2024).
2. Up to \$8 million dollars in debt financing provided to Community Partner Group if unsuccessful at capital fundraising campaign - Any debt financing contribution will be repaid through the projected facility operational revenues.
3. 50% of “Non-Eligible” ICIP funding costs (financing, taxes, legal) totalling approximately \$5 million dollars (City portion) - Recovered through project Development Charges (DC) estimated at approximately \$6 million dollars. Remaining 50% or \$5 million dollars (community portion) to be rolled into the debt financing portion.
4. Land contribution from available City inventory or suitable land swap option. – Exact acreage requirement will be determined by final building plan requirements.

**RECOMMENDATION**

That Hamilton City Council approve a Memorandum of Understanding between the Hamilton Collaborative Partnership Group and the City of Hamilton to allow City Staff to accurately assess the feasibility of a collaborative, joint-project initiative and to present these findings and recommendations to the Chairperson and members of the Emergency & Community Services Committee.



