



**CITY OF HAMILTON**  
**HEALTHY AND SAFE COMMUNITIES DEPARTMENT**  
**Recreation Division**

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| <b>TO:</b>                | Chair and Members<br>Emergency and Community Services Committee                           |
| <b>COMMITTEE DATE:</b>    | June 17, 2021   |
| <b>SUBJECT/REPORT NO:</b> | Emergency Operating Funding for Hamilton Arena Partners (HSC21023) (Ward 6)               |
| <b>WARD(S) AFFECTED:</b>  | Ward 6  |
| <b>PREPARED BY:</b>       | Steve Sevor (905) 546-2424 Ext. 4645  |
| <b>SUBMITTED BY:</b>      | Chris Herstek<br>Director, Recreation Division<br>Healthy and Safe Communities Department |
| <b>SIGNATURE:</b>         |   |

### RECOMMENDATION(S)

That the General Manager, Healthy and Safe Communities Department or his designate, be authorized to provide emergency financial support to Hamilton Arena Partners (HAP) for the operations of the Mohawk 4Ice Centre as a result of facility closures due to the COVID-19 pandemic to an upset limit of \$500,000 in 2021, be funded from any available source jointly deemed appropriate by the General Manager of the Healthy and Safe Communities Department and the General Manager of the Finance and Corporate Services Department including, but not limited to, one or more of the following sources: Safe Restart Agreement - Municipal, COVID-19 Recovery Funding for Municipalities Program, COVID-19 Emergency Reserve, any other available provincial or federal funding, or in year program and/or department/corporate surplus.

### EXECUTIVE SUMMARY

The provincial emergency closure has led to unplanned, negative challenges for the operation of the Mohawk 4Ice Centre. The emergency closure has forced many ice users to delay their programming, which has subsequently moved HAP, who operate the Mohawk 4Ice Centre on behalf of the City, into a precarious cash flow situation. The City is unable to take over the operation of the Mohawk 4Ice Centre should the operators be unable to maintain operations.

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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.

**SUBJECT: Emergency Operating Funding for Hamilton Arena Partners  
(HSC21023) (Ward 6) - Page 2 of 5**

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The General Manager of Healthy and Safe Communities Department previously approved \$245,000 of emergency support through a Policy #10 of the Procurement Policy Bylaw 20-205 to support the critical need in 2020. This was funded from Recreation Services 2020 Year end savings as a result of COVID-19 and approved by Council.

The General Manager of Healthy and Safe Communities Department, approved \$200,000 in early January 2021 through a Policy #10 as well as an advance of \$50,000 in May 2021 through the provisions of the Operating and Maintenance Agreement with HAP (the "Operating Agreement") which permit the Facility Management Review Team (FRMT) to recommend the provision of additional funds to HAP to support cash flow deficits; however the Agreement lacks clarity on when FMRT is required to obtain Council approval with respect to the frequency and applicable upset limit.

Report HSC21023 seeks Council direction to support the operators of this City owned asset during this emergency situation.

**Alternatives for Consideration – Not Applicable**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** As approved by the General Manager of Healthy and Safe Communities Department through a Policy #10, \$200,000 has been provided to HAP in January of 2021. The General Manager also approved an advance of \$50,000 on May 14, 2021 through the provisions of the operating agreement with HAP.

HAP is requesting a further \$140,000 to meet its immediate pressures for a total commitment of \$390,000. The \$500,000 being requested for approval will first be utilized to fund the \$390,000 that has been paid and or committed to date. The remaining \$110,000 will be available in the possibility that HAP require further funding to meet its financial obligations to get through the remainder of 2021 due to the impacts of COVID-19.

As the financial pressures being currently experienced by HAP are due to the mandatory shut down of operations due to COVID-19 restrictions and that the Mohawk 4Ice Centre is a City owned asset it is being recommended that the \$500,000 upset limit be funded from one or more of the following sources: Safe Restart Agreement - Municipal, COVID-19 Recovery Funding for Municipalities Program, COVID-19 Emergency Reserve, any other available provincial or federal funding, or in year program and/or department/corporate surplus.

**SUBJECT: Emergency Operating Funding for Hamilton Arena Partners  
(HSC21023) (Ward 6) - Page 3 of 5**

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**Staffing:** N/A

**Legal:** There are parameters within the Operating Agreement that permit the City of Hamilton to provide financial support based on cash shortfall.

### **HISTORICAL BACKGROUND**

The Mohawk 4Ice Centre is a City owned asset operated by Hamilton Arena Partners since 2006. The operators of Mohawk 4Ice Centre, were required to comply with the Ontario Emergency Management and Civil Protection Act – the Reopening Ontario (A Flexible Response to COVID-19) Act, 2020 and the Regulations thereunder and shut down operations of the Arena in order to assist in containing the spread of COVID-19.

The General Manager of the Mohawk 4Ice Centre made adjustments during the mandatory closure periods to mitigate financial pressures including; full and part-time staff layoffs, wage freezes, applications for wage subsidy, deferred collection of management fees, suspended services and adjusted compressor temperatures in the facility. With the absence of any earned revenue due to the mandatory closure, HAP's operating account balance and cash flow is at a critical level. HAP requires funds to sustain the facility during the COVID-19 closure period and to continue to pay ongoing expenditures.

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

As per Section 4.10(1) of the Procurement Policy, Policy # 10 - Emergency Procurements, an Information Update to the City Manager and to Council shall be issued by the General Manager of the Client Department for emergency procurements of \$250,000 or greater.

### **RELEVANT CONSULTATION**

Recreation staff have consulted with Legal Services who have provided input on this report and specifically on the Operating Agreement as well as use of the Stabilization Fund.

Finance staff within the Financial Planning, Administration, and Policy Division of Corporate Services provided input on all financial aspects.

### **ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

The Operating Agreement requires the City to establish and control a stabilization account. In the event of an operating deficit at the end of any calendar year, the

stabilization fund may be accessed upon approval of the Facility Management Review Team (FMRT).

The Agreement also provides that where the gross revenue and project float of HAP are insufficient at any time to cover the operating expenses which HAP is required to pay or any other expenses necessary for the proper operation and maintenance of the Arena, HAP may advise the FMRT as to the reasons for the shortfall and the amount of additional funding needed, and upon recommendation from the FMRT the City may provide additional funds to HAP. At the present time, gross revenue and project float of HAP are insufficient to cover operating expenses. There are also provisions within the Agreement which require HAP to reimburse the City for any funds provided to HAP to deal with cash shortfalls. The Operating Agreement does not address a limit to that support. While the stabilization fund was built into the Operating Agreement to support unplanned operational deficits, the consequences of the COVID-19 pandemic have far surpassed any forecasted operational deficits. HAP is unable to wait to year end to access the stabilization fund as their cash flow issue is immediate.

As the province continues to extend the Declaration of Emergency, HAP is requesting additional financial support in the amount of \$140,000 to make payment on mounting expenditures and ensure the continued operations for the benefit of the City. The additional funds requested by HAP aligns with the proposed upset limit of \$500,000 recommended in this report.

Identified risk with HAP's ability to sustain operation and pay outstanding vendors without funding support will contribute negatively to the City; therefore, emergency financial support to assist in the cashflow of the operation would protect this City owned asset and allow for continued operation of the Mohawk 4Ice Centre.

## **ALTERNATIVES FOR CONSIDERATION**

None

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

### **Healthy and Safe Communities**

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

### **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**

None