

CITY OF HAMILTON

OFFICE OF THE CITY MANAGER

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: January 24, 2011	
SUBJECT/REPORT NO: International Event Opportunities - 2015 Pan Am Games Update (CM09006(I)) (City Wide)	
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RECOMMENDATION

That Report CM09006(I), International Event Opportunities - 2015 Pan Am Games Update, be received.

EXECUTIVE SUMMARY

On January 12, 2011, Council directed staff to conduct a review on the feasibility and analysis of the current Ivor Wynne Stadium as the site for the construction of a new Pan Am Stadium that meets both FIFA Soccer standards and current CFL size requirements, as well as the ongoing operations of the stadium.

The proposed stadium concept plan (Appendix A – Ivor Wynne Preliminary Development Concept) and costs are based on the functional program developed as part of the Infrastructure Ontario process, with input from Hamilton Tiger-Cats, City of Hamilton staff, Toronto 2015, and soccer representatives. In general terms, the proposed plan; consisting of the complete demolition of the existing south and east stands of Ivor Wynne Stadium, the complete building of a new 15,000 seat south grandstand, along with the renovation of the existing North stands, is feasible and can be accommodated

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within the Ivor Wynne block. Property acquisition, site servicing, traffic, transit, and parking issues seem to be sufficiently accommodated within the plan.

The cost estimates for this stadium were received from Toronto 2015/Infrastructure Ontario on January 20, 2011, and Toronto 2015 has reconfirmed Infrastructure Ontario as being the capital project delivery agency.

The cost of the Ivor Wynne stadium renovation proposal is estimated to range from \$156.5 million to \$174.5 million and the current funding gap similarly ranges from \$36.5 million to \$54.5 million. The City's capital contribution would be \$45 million from the Pan Am Budget i.e. Future Fund and \$5 million from naming rights that arise through the value-added to the stadium from professional sports associated with the Tiger-Cats. Toronto 2015 would continue to contribute up to \$70 million to the project.

Under the proposal, the Tiger-Cats have committed \$679,250 per year (Table 2) which staff have allocated to offset stadium operating costs. There would be no budgetary impact as estimated costs before and after are expected to be similar to the 2011 City Budget provisions for Ivor Wynne Stadium i.e. about \$1.1 million net cost to the City.

However, this plan contains several key issues that provide an element of risk to the City of Hamilton, the adjacent neighbourhood, or the ability to meet the commitments as laid out by Toronto 2015. The issues include:

- i) the potential for appeal of a proposed Re-Zoning Application addressing the issues of the maximum of the stadium height to the Ontario Municipal Board, which may be alleviated through the use of a Minister's Zoning Order.
- ii) the loss of the land and the use of Brian Timmis Stadium, due to the construction of the new south side stand, could result in community programming time being reduced or eliminated.
- iii) the potential for costs associated to meet Ontario Building Code compliance requirements for the north-side stands renovation, estimated at \$9.8 million.
- iv) the requirement of TO 2015 to mitigate the potential of risk of use issues relating to the north-side stands
- v) the proposed new south stands would require an agreement with the Hamilton Wentworth District School Board.

The Pan Am Stadium affords a significant opportunity to invest not only in a new stadium, but to make a broader health and wellness legacy investment that can provide long term social, health and wellness benefits to residents in the immediate neighbourhoods and the lower Hamilton community. It would be prudent to review the

entire Scott Park precinct within the context of the recreation planning area and prepare a community recreation master plan, as well as looking at an artificial soccer field replacement being built within the north central area to replace the loss of the Brian Timmis facility. As well, during the period of construction, every attempt will be made to accommodate displaced users on a priority basis at other city sport fields and through relationships with Redeemer University College, McMaster University and school boards, all who have recently installed additional outdoor sport fields.

The Pan Am stadium construction could act as a catalyst for broader neighbourhood development in the areas around the stadium. Leveraging the stadium construction to attract new businesses, improve access to recreation opportunities, create new public spaces and better connect residents to their neighbourhood and other areas across the City of Hamilton would be a lasting legacy.

It must be recognized that due to time constraints, there has been no consultation with the neighbourhood and community involving this proposed plan. Involving the neighbourhood surrounding the stadium in a resident-led planning process would demonstrate the commitment of the City of Hamilton to partnering with neighbourhoods to plan for their future. Such a process would develop a shared vision for the broader re-development opportunities. In addition, the engagement of residents would help ensure that the social inclusion elements put forward by the Hamilton Roundtable for Poverty Reduction are implemented.

Staff have continued to engage both Mr. Ian Troop, CEO, Toronto 2015, and Mr. William Senn, Senior Vice President Infrastructure, on both the progress and the status of the City of Hamilton and the Hamilton Tiger-Cats. Communication with senior officials with both senior levels of government are ongoing. With the financial details still being worked out, funding commitments from the senior levels of government are premature at this time.

Lastly, staff submitted a Contingency Plan for a 5,000 seat scalable stadium to Toronto 2015 on January 20, 2011 as per Council direction.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: N/A

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND (Chronology of events)

City Council, at its meeting held on January 12, 2011, approved the following Motions related to the Pan Am Games,

7.4 Ivor Wynne / Pan Am Stadium

- (a) That staff be directed to conduct a review on the feasibility and analysis of the Ivor Wynne site including ongoing operations of the stadium and guarantee the ways to mitigate financial shortfalls to the City of Hamilton;
- (b) That a further request for confirmation of additional financial assistance required for the construction of a new Pan Am Stadium that meets both FIFA Soccer standards and current CFL size requirements, facility amenities and standards be submitted to the Provincial and Federal Governments for a response prior to January 24, 2011;
- (c) That staff report back to the General Issues Committee by January 24, 2011 on the above matters.

7.5 Item 5.9 Correspondence from Toronto 2015

That should arrangements for the use of Ivor Wynne Stadium as the Pan Am Stadium for some reason not be successful, the City of Hamilton prepare a written submission to TO2015 by January 20, 2011 stating a willingness to construct the 5,000 – 6,000 seat scalable Pan Am Games Soccer stadium, and that it be ratified by Council no later than February 1, 2011.

As per the Council direction outlined above in Motion 7.4, staff have drafted Council Report CM09006(I) which contains the best information available at the time of writing the report.

The proposed stadium for the Ivor Wynne site is based on the functional program developed as part of the Infrastructure Ontario process. The functional program was based on input from the Hamilton Tiger-Cats, City of Hamilton staff, Toronto 2015 and soccer representatives. Some of the features included in the proposed stadium are: 15,000 new seats (including club seats and corporate boxes), Tiger-Cat locker room, strength and conditioning area, support space, locker room for a professional soccer team, community change rooms, media spaces, and a field of play that can accommodate both FIFA soccer and CFL competition. The cost estimates for this stadium were received from Toronto 2015/Infrastructure Ontario on January 20, 2011,

and on January 21, 2011 Toronto 2015 verbally reconfirmed that Infrastructure Ontario will be the capital project delivery agency for the Pan Am Stadium project as is outlined in the Multi-Party Agreement.

With respect to Motion 7.5 above, staff did submit a Contingency Plan for a 5,000 seat scalable stadium to Toronto 2015 on January 20, 2011 (Appendix B - City of Hamilton Contingency Plan Submission).

Chronology of Pan Am Games Reports and Milestones

December 22, 2010: Council received Information Report CM09006(k).

October 12, 2010 : Council received Information Report CM09006(j).

September 29, 2010: Council approved Report CM09006(i).

September 14, 2010: Council approved Report CM09006(h) identifying the CP Rail Yard as the location for the stadium.

August 31, 2010: Council approved Report CM09006(g).

August 12, 2010: Council approved Report CM09006(f).

July 6, 2010: Council approved Report CM09006(e) approving the Facilitators Report and authorizing evaluation of the East Mountain site.

June 7, 2010: Council approved Report CM09006(d) approving the terms of reference for the facilitation process.

May 19, 2010: Council approved motion appointing Michael Fenn as Facilitator.

February 24, 2010: Council approved Reports CM09006(b) and CM09006(c) "International Event Opportunities – 2015 Pan Am Games Update".

January 11, 2010: Council received Report CM09006(a) "International Event Opportunities – 2015 Pan Am Games Update".

November 6, 2009: Pan American Sports Organization awarded the 2015 Pan Am/Parapan Am Games to Canada.

September 14, 2009: Staff provided City Council with an Information Update to report on activities during the bid phase, as communication follow up to Report CM09006 "International Event Opportunities – 2015 Pan Am Games Bid Update".

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February 25, 2009: Through Report CM09006 “International Event Opportunities – 2015 Pan Am Games Bid Update” City Council approved Hamilton’s participation in the bid and Games.

January 12, 2009: Through Report PED08091(b), City Council approved Hamilton’s list of sport venues and sites to be investigated to locate the stadium and velodrome as part of the bid process.

November 12, 2008: Through Report PED08091(a), City Council approved the establishment of a Community Advisory Committee and staff secondments to work on the bid.

May 5, 2008: Staff provided City Council with an Information Update to report on activities related to Report PED08091 “International Event Opportunities”.

April 7, 2008: Through Report PED08091 “International Event Opportunities”, City Council authorized staff to participate in the Pan Am Games bid process.

POLICY IMPLICATIONS

Planning Considerations

The subject property is currently zoned City-Wide Park (P3) Zone under the new Comprehensive Zoning By-law 05-200. The stadium use is permitted as a Public Use under the Zoning By-law provided that the use conforms to the regulations of the zone within which it is located. Specifically, the stadium would be subject to 7.5 m side and rear yards as well as the maximum height of 11.0 m.

The current stadium is approximately 31 metres in height and the Hostco concept for the stadium would be approximately 40 metres in height.

As the height does not conform to the zoning regulations, approval would be required to permit the 40 metre height of the proposed stadium.

As the magnitude of the height increase may not be considered “minor”, a rezoning application would be appropriate to approve the maximum height. If a rezoning application is approved by the City but appealed to the Ontario Municipal Board, the issue of whether the height increase is appropriate or not would be an issue for argument and adjudication before the OMB.

Should council waive consultation and permit an expedited process, it is estimated that a staff report could be presented to Planning Committee in approximately four months. Should the application be appealed to the OMB, it could take in the order of six months to obtain a hearing at the Ontario Municipal Board. While the time to issue a decision

can vary, a decision of the Board might take an additional two to four months' time. It is important to note that the outcome of a rezoning application could be unknown for a number of months.

Alternatively, the Minister of Municipal Affairs and Housing could be requested to implement a Minister's Zoning Order to permit the height of the proposed stadium. Staff believe that the City of Hamilton should request a Minister's Zoning Order to permit a stadium on the lands without a height limitation.

With respect to parking, under the new Zoning By-law, no parking is required for the stadium use. It should be noted that within the Ivor Wynne block, the north-east corner of Melrose and Cannon is a parking lot owned by the Hamilton Wentworth District School Board (HWDSB). The parking at this location is the required parking for the Prince of Wales school located on the west side of Melrose. The proposed stadium design would have the new south stands encroaching onto the HWDSB lands. At the time of writing this report, staff have not had an opportunity to discuss how this situation might be resolved to the mutual satisfaction of both the City and the HWDSB.

Scott Park Block

The Scott Park Block, bounded by King, Balsam, Cannon and Melrose, is the subject of two zones. The baseball diamonds, arena and Jimmy Thompson pool are zoned Community Park (P2) Zone, under the new comprehensive Zoning By-law, which permits a wide range of recreation uses. The former Scott Park school property is currently zoned "C" – Residential District, under the former City of Hamilton Zoning By-law, which permits a range of uses including a recreation and community centre.

Site Servicing Considerations

External costs for utilities, combined sanitary and water services are not anticipated. Servicing costs within the site for utilities, sanitary and water services would be a cost attributable to the project.

Storm Water

There is an existing storm sewer (1050 mm @ 0.2 @ 1.1 m³/sec capacity) on Beachwood Avenue which has limited capacity to convey entire post development flows. Given the space limitations of the site, the storm water management requirements would be achieved through underground storage and mechanical means.

Storm water management will be required to maintain discharge rates to the appropriate levels. It is roughly estimated that storage of approximately 3500-4000 m³ will need to be detained on site. The storage can be achieved in using a combination of various techniques such as parking lot storage, roof top storage ponds, super pipes and other

options subject to soil conditions. The cost for this type of system is estimated at \$2 million. The expense has been included in the base cost estimates included in the Order of Magnitude Construction Cost Analysis by Infrastructure Ontario.

The preliminary review was based entirely on the concept plan (Appendix A – Ivor Wynne Preliminary Development Concept). A comprehensive analysis will be required as clear details of the proposed development are provided. Servicing and costing must be adjusted accordingly.

The following is a general summary of the existing services available to the proposed site.

Wastewater

There are existing combined sanitary sewers on the streets which bound the Ivor Wynne and Brian Timmins stadium site. Ivor Wynne is currently serviced by the existing 450mm combined sewer on Beechwood via a 375mm service stub. A detailed capacity assessment will be required when a better understanding of the proposed changes and enhancements is provided. Because this is a combined sewer system, this evaluation will be completed in conjunction with the storm analysis.

Water

There are local distribution mains on Melrose (150mm), Beechwood (150mm), and Balsam (300mm) and a 750mm trunk watermain on Cannon Street. Ivor Wynne and Brian Timmis are currently serviced from the 300mm watermain on Balsam. The City will require modelling to confirm that the existing water distribution system is satisfactory to service the stadium needs. Staff recommends the incorporation of a second water service to the proposed stadium. The estimated cost for water is minimal if the 300mm main on Balsam has sufficient capacity.

Environmental Conditions

A review of existing geotechnical information indicates that the soil conditions appear to be suitable for the proposed new south stands. Should the project proceed, a detailed geotechnical program should be undertaken concurrent with the demolition of the existing south and east stands to provide updated information.

The demolition work could start in mid-November of 2011 after completion of the Tiger-Cat football season and be finished by April of 2012. At that time, the site would be under the control of the successful design-build contractor for just over two years. Given the proposed construction, no events could be accommodated at Ivor Wynne Stadium until the start of the regular football season in 2014.

North Side Stands - Ontario Building Code (OBC) Requirements

The north stands at Ivor Wynne Stadium were constructed in 1971 with 53 rows of seating for a total of just under 12,000 seats including accessible seating. Under the Ontario Building Code, the City of Hamilton is under no obligation to bring the north stands up to building code unless a significant renovation were to take place. However, Toronto 2015, through their letter dated January 20, 2011 (Appendix B – City of Hamilton Contingency Plan Submission) will require a legal opinion and full indemnity against any harm should the City not proceed with bringing the north stands into compliance with current building codes.

Staff have reviewed a Preliminary Structural Summary Report on the north stands of Ivor Wynne Stadium which indicates that should the renovation of the north stands be undertaken then they would be subject to the Ontario Building Code for those parts of the existing building subject to the material alteration or repair.

However, if there is a "change of use" from a sports purpose-built facility to a multi-use entertainment facility (i.e. for concert events) then there would be additional life safety and performance requirements applicable to the entire facility. This would include the north stands whether or not any renovations were undertaken on it. These requirements could include extension of sprinklers, fire alarm, standpipes and emergency lighting, etc. Without this work, these types of events (i.e. concerts) would not be permissible in the new stadium.

Upon visual inspection of the concrete seating slabs within the north stands, some deterioration has occurred. The City's structural consultant has recommended limiting the life span of the concrete seating slabs to another 10-15 years and during that time, perform load testing every five years to verify the structural integrity of the seating slabs.

Should the City wish to bring the north stands into compliance with the Ontario Building Code, the top 32 rows of seating slabs would be required to be replaced. Currently, the rows are 27 inches wide and the code requires the rows to be 32 inches wide. Ideally it would be recommended to replace the lower 21 rows of seats at the same time to maximize the value of the renovation. Additionally, to meet the Building Code the north stands would also require upgrades to the mechanical and electrical systems, renovations to the washrooms and concessions to make them barrier free and replace the hand and guard rails. The total cost of the renovations is estimated to be \$ 9.8 million.

There is a benefit to undertaking the renovations of the north stands at the same time as the construction of the new south stands. Efficiencies would be realized not only in the architectural and consulting fees but the larger the construction project, the greater potential for savings and allow for all construction to be completed at the same time.

Transportation Considerations

Traffic:

In general, the current Ivor Wynne Stadium is adequately served and operates satisfactorily in terms of transportation and parking.

There are a number of fixed route transit lines, along with dedicated shuttle services, with significant capacity. Event attendees also walk or are dropped off at the event. Future light rapid transit implementation on King Street would provide additional east-west transit capacity within a short walking distance.

Due to the grid street pattern, private autos can access and leave the site from all directions, typically on arterial roads. The positioning of the site also enables a range of parking in all directions, formal and ad hoc, on both public and private sites, that appears to serve the current parking demand within reasonable walking distances and travel times.

The road system around the site and access and egress to the site, at current stadium seating capacity, works satisfactorily before and after an event. Additional crowd management outside the stadium site during the immediate post-event period has the potential to improve current conditions.

Transit:

Currently, the HSR provides service for Tiger-Cats home games through a ridership growth initiative called the "Ticket to Ride" program. Starting two hours prior to game time, fans can board any bus on all regular routes and the Tiger-Cats express shuttle routes (to/from King and Hughson, Eastgate Square, Lime Ridge Mall and University Plaza) by showing a valid game day Tiger-Cats ticket. DARTS also accepts valid game day tickets.

HSR uses 8-12 additional buses on game day at a cost of approximately \$3,500-\$5,000 per game, recouped from the Tiger-Cats through an in-kind agreement whereby they provide Transit advertising and other positive community, environmental and transit messaging. Approximately 750-1,000 fans use the express shuttle buses per game. An estimated 500-1,000 ride the nearby regular routes on Barton, Cannon, King, Main and Maplewood. Transit does not currently have the capacity to provide an increased amount of service.

Under current circumstances, buses queue up in the live west lane of Melrose between Beechwood and Cannon and in the live north lane of Cannon between Melrose and Balsam. This contributes to traffic and pedestrian congestion and confusion, especially post game.

With respect to inter-regional transit, the proposed GO Train extension to Niagara would provide an opportunity to establish a GO stop within walking distance of the Ivor Wynne site.

With a renewed plan for Ivor Wynne Stadium, potential improvements such as providing dedicated bus lane lay-bys, passenger amenities for HSR shuttle buses, DARTS, chartered school buses and intercity coaches, and some form of traffic and pedestrian direction and control, could improve the game day experience and the surrounding neighbourhood. Costing for the potential improvements outlined above has not been compiled.

Scott Park Precinct

The Scott Park precinct represents 2.29 ha. of community and neighbourhood parkland that consists of a single pad arena (Scott Park), 25 yard indoor swimming pool (Jimmy Thompson Pool), 3 'C' class baseball diamonds and a parking lot for 100 vehicles. Also included on the Scott Park precinct is the former Scott Park Secondary School which is privately owned. The existing parking lot and baseball diamonds are also used for Tiger-Cats game day parking.

The Pan Am Stadium affords a significant opportunity to invest not only in a new stadium, but to make a broader health and wellness legacy investment that can provide long-term social, health and wellness benefits to residents in the immediate neighbourhoods and the lower Hamilton community.

Many of the existing recreation amenities were built pre 1962 and have served the community well for more than 49 years. However, significant capital investment is needed to meet the changing demographic needs of the community, address significant parkland deficiencies, remove barriers to participation and address aging infrastructure and shortfalls in existing recreation facilities.

The City of Hamilton's Use, Renovation and Replacement Study for Indoor Recreation Facilities Plan in 2008 identified the need for a new seniors centre in the lower Hamilton area (similar scale as Sackville Seniors Centre). Council in 2010 identified \$1.6 million to undertake a feasibility study and start design work for the senior centre to be located in the Scott Park precinct. Consideration for the proposed facility should include additional facility components for general family and community uses beyond older adults. The feasibility and design work will start in 2011.

Given the present opportunity and the proposed new stadium, it would be prudent to review the entire Scott Park precinct within the context of the recreation planning area and prepare a community recreation master plan. It is recommended that the feasibility and design work for the senior's centre is broader in scope to include a community recreation and park master plan for the area. Various planning recreation documents

have been completed; some new work may be required with the intent to ensure a broader cohesive plan is prepared so that resources are allocated wisely. With any recreation planning exercise, full public consultation and a neighbourhood engagement program will be required.

Community Use – Loss of Brian Timmis Stadium

Brian Timmis Stadium is a 2,500 seat regulated FIFA natural soccer turf Senior Class A field with irrigation, lighting, change and washroom facilities. The stadium is located adjacent to Ivor Wynne stadium on south-east corner of Balsam Street and Cannon Street. The facility supports 14 soccer groups consisting of youth, schools and adult groups. A total of 1,200 programmable hours are available at Brian Timmis Stadium (natural turf) for community use. Senior Class A fields are premium facilities and are in heavy demand due to the quality of the facility.

With the decommissioning of Brian Timmis field due to the new stadium, valuable community programming time will be reduced or eliminated. An estimated 900 programming hours will be available at the new Ivor Wynne stadium as part of the PanAm Stadium legacy. Legacy programming at Ivor Wynne could include soccer academies for athlete development, a potential Regional Centre of Excellence in collaboration with the Ontario Soccer Association, events with school groups and local soccer associations.

While the new stadium will be a positive asset to the community, a shortfall of 300 hours will still exist due to the loss of Brian Timmis. In addition, the north central Hamilton community has relatively few sports facilities and specifically, a Senior Class A soccer field. Staff recommends that an artificial soccer field replacement be built within the north central area at a cost of \$1.4 million in 2012. This does not include land (assuming that it can be located on city-owned property), parking spaces or the cost to replace the field house. Overall the city has a shortfall of 22 soccer fields and the addition of a new soccer turf in the north central area would accommodate the 300 hour shortfall at Brian Timmis and add an additional 2,900 hours of new and badly needed programmable time.

During the period of construction, every attempt will be made to accommodate displaced users on a priority basis at other city sport fields. The City has a good working relationship with Redeemer University College, McMaster University and school boards, all who have recently installed additional outdoor sport fields. Staff will work closely with sport organizations to try to accommodate their needs.

Neighbourhood Development Opportunities

In the fall of 2010, the City of Hamilton moved forward on a neighbourhood development strategy in an effort to better align the planning and delivery of services at a neighbourhood level.

While the development of the strategy is still underway, evidence from other cities indicates that building comprehensive neighbourhood plans is an important first step in the community engagement process.

The Pan Am stadium construction could act as a catalyst for broader neighbourhood development in the areas around the stadium. Leveraging the stadium construction to attract new businesses, improve access to recreation opportunities, create new public spaces and better connect residents to their neighbourhood and other areas across the City of Hamilton would be a lasting legacy.

Involving the neighbourhood surrounding the stadium in a resident-led planning process would demonstrate the commitment of the City of Hamilton to partnering with neighbourhoods to plan for their future. Such a process would develop a shared vision for the broader re-development opportunities. In addition, the engagement of residents would help ensure that the social inclusion elements put forward by the Hamilton Roundtable for Poverty Reduction are implemented.

Given the current constrained timeline for delivering a stadium site to Toronto 2015/Infrastructure Ontario, the opportunities for neighbourhood input have been limited. Should the City proceed with this development, opportunities to engage the community in the planning process will be initiated.

Social Inclusion

In previous presentations to City Council, the Hamilton Roundtable for Poverty Reduction (The “Roundtable”) identified priorities and principles that should serve as a guide for a made-in-Hamilton social inclusion strategy for the Pan Am Games. The August 2010 submission examined the West Harbour and East Mountain proposed stadium site locations through a social inclusion lens, concluding that the West Harbour location provided more opportunities for inclusion.

On behalf of the “Roundtable”, Sarah V. Wayland, PhD submitted a report entitled “*Social Inclusion and Hamilton’s 2015 Pan Am Games*” (Appendix E). This report considers how the redevelopment of Ivor Wynne Stadium (IWS) Complex might impact the surrounding area in terms of social inclusion opportunities.

It concludes that the redevelopment of the land that includes the IWS Complex would be accompanied by opportunities to promote social inclusion, including job creation, improved public transit options, and the pride felt among area residents for being recipients of such significant investment. The paper focuses on two opportunities in particular: urban renewal and access to green space and recreational facilities. These are two areas where city investment can significantly improve inclusion for residents.

FINANCIAL ANALYSIS

The following will outline the high level details of a draft Memorandum of Understanding between the City and the Tiger-Cats which requires further review by staff and the input of Council. The financial analysis will also detail preliminary/draft costs associated with the capital funding of the construction of the new Pan Am stadium and the ongoing operating costs. These costs are based on new estimates received from Toronto 2015/ Infrastructure Ontario on Thursday, January 20, 2011 which are based on the draft functional program developed in conjunction with the Tiger-Cats, City staff, Toronto 2015 and soccer representatives.

Memorandum of Understanding:

Over the last nine days, since Council's direction of January 12, 2011, City staff have engaged with Tiger – Cat representatives in an attempt to come to terms on a preliminary Memorandum of Understanding (MOU) for the participation in the renewal of the Ivor Wynne site for the Pan Am Stadium. The Hamilton Tiger-Cats have identified five pre-conditions to entering into a Memorandum of Understanding with the City. These five conditions are as follows:

1. Minimum capacity of 23,500 plus club and suite seating.
2. North stands will be completely renovated.
3. There will be adequate space to house all Tiger-Cat operations including those contained in their current 1 Jarvis St. head office.
4. There will be a minimum of 1,500 parking spaces under team control for game day.
5. The Tiger-Cats will not be economically disadvantaged during the construction phase when Ivor Wynne will be unusable i.e., at a minimum the entire the 2012 and 2013 seasons.

Assuming City Council were to agree to the above five pre-conditions, the highlights of a preliminary MOU are as follows:

1) Seating: New Ivor Wynne Stadium would have a capacity of approximately 23,500 plus Club and Suite seating which would bring the total seats to approximately 25,000. The North Stands would be renovated. The stadium would allow for up to 10,000 temporary seats for potential Grey Cup games which would bring the total to 35,000. There is not sufficient space at the site to expand temporary capacity to 45,000 seats.

2) Tiger-Cat Contributions:

Ticket Surcharge: The Tiger Cats would allocate \$3.00 of every ticket sold for CFL and professional soccer games to the City. The Tiger-Cats estimate this would generate \$900,000 annually with a guaranteed minimum of \$600,000. The City in its sole

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discretion can determine how these monies be allocated. (i.e. contribution to the capital costs, precinct development i.e. Scott Park, or to offset the Ivor Wynne operating budget.)

The Tiger-Cats have structured their proposal as two distinct \$1.50 ticket surcharges.

According to their proposal, the first \$1.50 surcharge would generate about \$450,000 per year which the Tiger-Cats suggest could be capitalized and could be “used in the surrounding neighbourhood, provide new sports facilities or create parking”. For the purpose of the analysis below, staff has assumed this \$1.50 ticket surcharge would be applied to offset operating costs.

Under their proposal, the second \$1.50 surcharge would again generate about \$450,000 per year that would be the “base rent” paid for use of the Stadium. For the purpose of the analysis below, staff have assumed this \$1.50 ticket surcharge would be applied to offset operating costs.

Suite Revenues: The Tiger-Cats would pay to the City annual suite rental revenues in the amount of \$4,000 per suite sold (the Tiger-Cats proposal estimates this at 24 units or \$96,000 annually). These revenues would also be used to offset operating costs. For our purposes later in the report in Table 2 – Stadium Operating Cost Estimates, we have included figures representing 50% of the above projections.

Club Seat Revenues: The Tiger-Cats would pay the City 50% of Club Seat Memberships. Annual revenues are estimated at \$62,000 (the Tiger-Cats proposal estimates this at \$125 x 500 Seats annually). These revenues would be used to offset operating costs. For our purposes later in the report in Table 2 – Stadium Operating Cost Estimates, we have included figures representing 50% of the above projections.

Naming Rights Revenues: The Tiger-Cats would pay the City 90% of the first \$500,000 annually and 50% of any amount over \$500,000. For the purpose of this analysis, staff has assumed that naming rights revenues would be used to offset capital construction costs.

Advertising Revenues: The Tiger-Cats will provide \$100,000 of in-kind advertising to the City. This is similar to existing provisions in the current Tiger-Cat Ivor Wynne lease.

3) Lease Extension: Tiger-Cats will sign a 20 year lease extension.

4) Professional Soccer Franchise: Tiger- Cats will use best efforts to acquire a North American Soccer League franchise to play in the new stadium.

5) Grey Cup Games: The Tiger-Cats will attempt to bring at least two Grey Cup Games to Hamilton over the next ten years. It should be noted, however, that with a maximum

expandable capacity (with temporary seats) of 35,000, this is maybe below the preferred level of the CFL. The Tiger-Cat representatives have indicated that the shortfall of 10,000 seats could be addressed through a payment of approximately \$2 million per Grey Cup from the City to the CFL. This potential cost is not included in the financial analysis and is not recommended at this time.

Capital Costs:

Table 1 – “Financial Analysis Proposed Pan Am Stadium” outlines the financial implications of the Pan Am stadium. On January 20, 2011, staff received new construction cost estimates for various stadium configurations from Toronto 2015/Infrastructure Ontario. The starting point for scenarios A to D presented is a basic stadium that meets the Pan Am soccer requirements. They are based on recent estimates of construction provided by Infrastructure Ontario and Toronto 2015 for meeting their base Pan AMm requirements for a 15,000 seat venue regardless of site. The 56% Toronto 2015 cost share is only on construction costs and on-site servicing, and would exclude demolition, site preparation, land acquisition and remediation. This then sets the level of funding that Toronto 2015 is obligated to pay (i.e. the 56% of \$125 million in column “A” below) as set out in the Pan Am agreement, which amounts to \$70 million.

The cost of constructing a 15,000 seat south stand of the stadium to meet the Pan Am and base CFL requirements (excluding the Tiger-Cats’ additional needs and requirements) will be approximately \$156.5 million. This cost has been derived from the revised costing of the 25,000 seat stadium that Infrastructure Ontario has been preparing since the CP site was approved for study. See Column “D” in the table below for the full cost of a 25,000 seat stadium. The bulk of this cost is the south portion of the stadium as this will house all the press and private suites and other stadium related infrastructure. The total project cost estimate also would include the renovation cost of the north stands (\$10.0 million) plus the cost of demolition (\$1.5 million) and the Tiger-Cats stadium team transition cost (\$7 million).

If the Tiger-Cats’ additional needs (estimated at \$18 million) are incorporated (i.e. primarily office relocation of 1 Jarvis St. and other amenities) then the capital cost of the stadium becomes \$174.5 million. See column “C” below. The total project cost estimate would also include the renovation cost of the north stands (\$10.0 million) plus the cost of demolition (\$1.5 million) and the Tiger-Cat stadium team transition cost (\$7 million).

The revised cost of a brand new 25,000 seat stadium constructed at any generic site is now \$217.2 million (based on recent estimates of construction provided by Infrastructure Ontario and Toronto 2015), up from the previous estimates of \$165 million used in the last few staff reports. If this stadium was built at the Ivor Wynne site the estimated cost to be \$226.5 million. See column “D” set out below.

It should be noted that the cost to build 15,000 new seats and renovate the existing 10,000 seats at Ivor Wynne is significantly lower than the revised brand new stadium construction costs for 25,000 seats; exclusive of land acquisition and development costs.

Scenarios “B”, “C”, and “D” all include stadium/team transition costs of \$7 million because the Tiger-Cats will not be able to play their home games at Ivor Wynne for at least two full seasons i.e. 2012 and 2013. This \$7 million cost has been included in the total project cost budget and forms part of the Stadium funding shortfall.

Capital Funding:

Toronto 2015 has committed up to \$70 million, the City’s contribution is currently \$45 million and there is the potential to generate up to \$5.0 million in Naming Rights, bringing the sources of funding to \$120 million.

With respect to Naming Rights, the City and the Tiger-Cats will work together to maximize revenues. Having the Tiger-Cats and CFL brands at the Stadium is what makes the naming rights valuable. For example, having more than eight million people watch games from the stadium on TV – and the numerous mentions in the media makes Naming Rights valuable. For the purposes of this report, we are assuming \$500,000 per year capitalized over 15 years at 5.5%.

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Table 1 – Financial Analysis Proposed Pan Am Stadium

**FUNDING ANALYSIS
PROPOSED PAN AM STADIUM
IVOR WYNNE / BRIAN TIMMIS SITE: REVISED ESTIMATES**

2012 \$ Million	"A"	"B"	"C"	"D"	"E"
	15,000 SEAT PAN AM STADIUM at IVOR WYNNE	15,000 SEAT PAN AM STADIUM PLUS BASE CFL	15,000 SEAT PAN AM STADIUM PLUS BASE CFL PLUS TICAT NEEDS	NEW 25,000 SEAT PAN AM STADIUM PLUS BASE CFL PLUS TICAT NEEDS	5,000 SEAT PAN AM STADIUM AT WEST HARBOUR
COSTS					
South Stand Construction Costs	125.0	138.0	156.0	217.2	43.0
North Stand Renovation	-	10.0	10.0	-	
Storm Water Management	incl.	incl.	incl.	incl.	incl.
Demolition	1.5	1.5	1.5	2.3	4.0
Stadium Ticat Transition Costs		7.0	7.0	7.0	
Land	-	-	-		10.0
Remediation	-	-	-		3.0
TOTAL COSTS	126.5	156.5	174.5	226.5	60.0
FUNDING SOURCES					
Hostco. Contribution	70.0	70.0	70.0	70.0	24.1
City of Hamilton Contribution	45.0	45.0	45.0	55.0	35.9
Other -Naming Rights	1.0	5.0	5.0	5.0	
TOTAL FUNDING TO DATE	116.0	120.0	120.0	130.0	60.0
STADIUM FUNDING SHORTFALL	10.5	36.5	54.5	96.5	0.0

The stadium funding shortfall is currently estimated between \$36.5 million (column "B") and \$54.5 million (column "C") depending on stadium construction costs and features/amenities.

The Tiger-Cat proposal is conditional on Scenario "C" which included relocation of their team headquarters at 1 Jarvis Street to the Ivor Wynne site.

It is also imperative to note that \$7 million has been included in the total project cost budget and forms part of the Stadium funding shortfall. In British Columbia, the Provincial Government paid all transition costs to relocate the BC Lions into a 25,000 seat temporary stadium while BC Place is being renovated.

No other sources of stadium capital financing have been identified to date for the Ivor Wynne project site.

As noted earlier, both \$1.50 stadium ticket surcharges that the Tiger-Cats will pay to the city have been included in the operating cost estimates/budget. Please see Table 2 – Stadium Operating Cost Estimates below. As an option, Council could use 50% of the revenue (estimated at \$300,000 to \$450,000 per year) for stadium capital financing. This would generate between \$3.5 and \$5.6 million.

Province and Federal Government

Communication with senior officials with both senior levels of government are ongoing. With the financial details still being worked out, funding commitments from the senior levels of government are premature at this time.

West Harbour Funding:

Through the Ivor Wynne site proposal, the City's contribution model is based on an allocation of \$45 million for stadium construction. In this scenario, City Council could allocate the \$10 million set aside for land acquisition in the original approved \$60 million Pan Am budget to be applied to finance the West Harbour land purchases. Effectively, this would mean that the West Harbour land purchases plus the related environmental costs and studies would be funded from the Hamilton Future Fund.

If the City contributes \$55 million for stadium construction, then there would remain a \$10 million shortfall for the West Harbour.

Previous staff stadium reports have recommended a City contribution of \$55 million. Staff is recommending that only \$45 million be allocated as the City's contribution to the Ivor Wynne Stadium construction project for the following reasons:

- The original approved Pan Am budget of \$60 million had:
 - \$45 million stadium construction
 - \$10 million land purchases
 - \$5 million velodrome
- The other alternative sites (West Harbour, East Mountain, MIP lands, CP Rail) that have been examined required land purchases so staff was allocating \$55 million to the project. However, since we currently own the Ivor Wynne site, the additional \$10 million could be re-allocated.
- The City still needs to finance the \$10 million it has already spent at the West Harbour site and there is limited flexibility to fund this expenditure without impacting the capital tax levy, existing city reserves or projects already in the budget.

If Council chooses to finance the West Harbour land purchases and related costs from the Future Fund, then these monies could be repaid if the lands are ever sold to developers for private sector developments.

As an alternative, it should be noted that the Hamilton Future Fund has an unallocated balance of about \$20 million. So as an Option, Council could fund both the West Harbour land purchases AND contribute \$55 million to the Ivor Wynne Stadium project.

Velodrome Funding:

The previously reported estimated funding shortfall for a permanent velodrome is \$14 million (assuming a \$25.0 million capital cost). These costs are currently being re-assessed and will likely increase significantly. Also, the business plan for the facility is being finalized, and Toronto 2015 is keen to being the functional program planning process for the velodrome. This information is being prepared and a report will be presented to Council by the end of February 2011.

Operating Costs:

As noted above, the relationship between the Tiger-Cats and the City remains one of Tenant and Owner - they are to be tenants and the City will continue to operate the Stadium.

Table 2 - Stadium Operating Cost Estimates below outlines the costs and revenues associated with the ongoing operation of the new Pan Am stadium which will now be home to two professional sport franchises – the Tiger-Cats and NASL soccer. We have assumed that the additional size of the Stadium, as well as the addition of various amenities such as expanded offices, additional suites etc, will add approximately \$100,000 to the current operating costs (e.g., utilities, maintenance, etc). Staff have also estimated the cost to operate the Stadium for the expected 18 professional soccer games that would occur annually. This is estimated at \$308,000.

As well, the City will be required to contribute to an Infrastructure/Turf Replacement Reserve. Although the rule of thumb for the amount to be contributed to these reserves is approximately 2% of the value of construction, it is rare that this amount of money is actually reserved. The immediate need for this reserve would be to replace the Turf as required and to maintain the HVAC infrastructure as required. It is estimated that a \$261,000 contribution at this time would be available if only the minimum ticket surcharge revenues are generated. At this level of contribution, the reserve would be sustainable to cover only turf replacement assuming that the field can last seven or eight years which may not be possible especially with soccer. There would be no reserve funding for HVAC and other renovations/major maintenance. In the early years of the new stadium operation, capital maintenance expenditures are expected to be low, so the \$261,000 maybe adequate in the short term but not for the medium to long term.

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Table 2 - Stadium Operating Cost Estimates

EXPENDITURES

Operating Expenditures		
- Community Uses	497,426	496,676
- Ticats	675,000	775,000
- Professional Soccer	n/a	308,000
	<u>1,172,426</u>	<u>1,579,676</u>
Contribution to Reserves	29,184	261,184
TOTAL EXPENDITURES	1,201,610	1,840,860

REVENUES

Community Use	50,000	50,000
Tiger Cats - Revenues / Rent - See section below	40,000	679,250
TOTAL REVENUES	90,000	729,250
NET LEVY	1,111,610	1,111,610

TIGER CAT REVENUES / RENT

	Tiger Cat Proposal Estimate	City Estimate
Seat Revenue - based on \$3.00 per seat for all events (Minimum Guarantee \$600,000)		
- Football	600,000	450,000
- Professional Soccer	300,000	150,000
Suite Rental Revenue - Based on \$4,000 X 24 Units	96,000	48,000
Club Seat Revenue - 50% of \$125 X 500 Seats	62,500	31,250
TOTAL TIGER-CAT RENT REVENUE	1,058,500	679,250

Based on the Tiger-Cat rent as outlined in the Memorandum of Understanding it is anticipated that a minimum of \$679,000 will be generated to support the operations of the new Pan Am stadium. Based on these minimum assumptions the operation of the New Pan Am stadium going forward will be basically the same as they are today i.e. no

increase in City net costs. Any additional revenues generated by the Tiger-Cat rent calculation over and above the minimums contained in the analysis can go either to:

- reduce the Operating Budget Tax Levy Impact; or
- be transferred to the Infrastructure Replacement Reserve; or
- community capital projects and precinct redevelopment; or
- additional parking

Under the Tiger-cats proposal and revenue estimates there could be about \$300,000 in additional revenues put to these purposes, which represents the difference between the Tiger-cats projections and the lower minimums that staff have used in this budgetary analysis.

Finally, the Tiger-Cats have continued to propose that the City would be given \$100,000 of free advertising in and on the Ivor Wynne stadium and site. While this is an important provision in the proposal, a monetary value has not been included in the above budgetary analysis.

Historical Ivor Wynne Capital Expenditures:

Since 2003, the City has spent approximately \$3.6 Million on various repairs to Ivor Wynne stadium (or about \$360,000 per year on average). These expenditures were for turf replacement, major rehabilitation and ongoing emergency repairs. Staff have provided a budget in 2012 for turf replacement and rehabilitation in the amount of \$3.8 million which would no longer be required in the City capital budget forecast if the Ivor Wynne renewal and renovation project proceeds.

Operating Comparison:

Staff was unable to acquire leases of other CFL teams except for Montreal and the City of Regina. These were made available to Deloitte in their original review and business case presented in February of 2010.

McGill University receives an estimated \$500,000 per year from the Montreal Alouettes. Although the specific details are not available, Deloitte advises that the revenue is a combination of rent, % of advertising, per game revenues, and % of concessions, to name a few. In the end the \$500,000 is enough that the University breaks even on the operating costs, which are approximately \$500,000 annually.

The other agreement that was obtained by Deloitte, which recently expired, is the lease agreement between the Saskatchewan Rough Riders and the City of Regina. The agreement states that, "The club agrees to pay the City annual rent in the amount the **lesser** of 25% of annual profits of the Club or \$200,000 per annum. So based on this the City will never receive more than \$200,000 per year from the club.

Community Fundraising Opportunities

The opportunity to explore and achieve contributions for the stadium and the stadium precinct area through community fundraising opportunities has not been explored through this report. Other communities have been able to raise funds through community fundraising efforts, and on a going forward basis similar opportunities in Hamilton may need to be explored.

Toronto 2015

Staff have continued to engage both Mr. Ian Troop, CEO, Toronto 2015, and Mr. William Senn, Senior Vice President Infrastructure, on both the progress and the status of the City of Hamilton and the Hamilton Tiger-Cats, as well as the City's requests and discussions with both the Province of Ontario and the Federal Government. Both senior levels of government have also had detailed discussions directly with Toronto 2015 officials so to ensure a consistent approach to finding a solution on this issue.

Toronto 2015 has consistently stressed attention to their September 23, 2010 letter, where they requested seven (7) confirmations needed by the City of Hamilton for them to deliver on their commitments. Please refer to Appendix XX and Appendix XX for a synopsis of Toronto 2015's requests for information, with a status update provided by City Hamilton staff.

With respect to the Toronto 2015 Legacy Fund, staff will pursue legacy funding to support the new Pan Am stadium. Staff believes that any monies made available through the Legacy Fund would be allocated to support amateur sport, and the amount is unknown.

RELEVANT CONSULTATION

Corporate Services Department
Hamilton Tiger-Cats
Toronto 2015 Pan Am Games Host Corporation
Province of Ontario
Planning and Economic Development Department
City Manager's Office
Recreation Department
Public Works Department

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

N/A

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Alternative A: Council authorizes the City Manager or his designate to inform Toronto 2015 that the Ivor Wynne site has been selected as the location for the new Pan Am Stadium.

Alternative B: Should Council opt to not proceed with the Ivor Wynne scenario for a 15,000 seat stadium; and should Hamilton be selected by Toronto 2015 as the successful submission for a 5,000 seat scalable stadium for Pan Am soccer, that Council direct the City Manager or his designate to notify Toronto 2015 that Council has agreed to the terms for development of a 5,000 seat scalable stadium as outlined by Toronto 2015 in the letter to the City Manager dated January 20, 2011 (Appendix D).

Alternative C: Should Council opt to not proceed with the Ivor Wynne option for a 15,000 seat stadium and determine that it wishes to opt out of the bidding for a 5,000 seat scalable stadium, that the City Manager or his designate be directed to notify Toronto 2015 that Council has determined that the City of Hamilton withdraw from the Pan Am stadium process, inclusive of the 15,000 and 5,000 seat stadia proposals.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ More innovation, greater teamwork, better client focus

Financial Sustainability

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

Intergovernmental Relationships

- ◆ Influence federal and provincial policy development to benefit Hamilton
- ◆ Acquire greater share of Provincial and Federal grants (including those that meet specific needs)
- ◆ Maintain effective relationships with other public agencies

Growing Our Economy

- ◆ A visitor and convention destination

Healthy Community

- ◆ An engaged Citizenry

APPENDICES / SCHEDULES

Appendices:

- Appendix A - Ivor Wynne Preliminary Development Concept
- Appendix B - City of Hamilton Contingency Plan Submission
- Appendix C - Ivor Wynne and Surrounding Area Aerial Photograph
- Appendix D - Toronto 2015 Letter to City Manager, dated January 20, 2011
- Appendix E - Hamilton Roundtable for Poverty Reduction paper – “Social Inclusion and Hamilton's 2015 Pan Am Games”
- Appendix F - Draft Memorandum of Understanding (*TO BE CIRCULATED*)
- Appendix G - Hamilton Tiger-Cat Proposal (*TO BE CIRCULATED*)
- Appendix H – Communications from Toronto 2015 – October 2010
- Appendix I – Seven Confirmations Required by Toronto 2015

CM:db
(Attachments)