




Hamilton

## CITY OF HAMILTON

### OFFICE OF THE CITY MANAGER

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> August 29, 2011	
<b>SUBJECT/REPORT NO:</b> International Event Opportunities - 2015 Pan Am Games Velodrome Business Plan (CM10005(b)) - (City Wide)	
<b>SUBMITTED BY:</b> Chris Murray City Manager	<b>PREPARED BY:</b> Gerry Davis (905) 546-2313
<b>SIGNATURE:</b> 	Rob Rossini (905) 540-6150  Trish Chant-Sehl (905) 546-2424, Extension 5557

#### RECOMMENDATION:

- (a) That Item 1 of Committee of the Whole Report 10-008, approved by Council on February 24, 2010, respecting the location of a Warm up track and Velodrome at the West Harbour site, be rescinded.
- (b) That staff be directed to cease the active expropriations of land at the West Harbour site, as was directed by Council on February 24, 2010 by way of Item 2, subsection (b) of Committee of the Whole Report 10-008.
- (c) That Council:
  - (i) Confirms its participation in the Pan Am Velodrome project.
  - (ii) That Mohawk College be selected as the site for the construction of a permanent velodrome and be forwarded to Toronto 2015 and Infrastructure Ontario for inclusion in the RFP process.

- (iii) Fund 44% of construction costs and 100% of land acquisition and site development costs financed as follows;
- (1) \$5 million funded from the Hamilton Future Fund grant
  - (2) \$5 million funded from debenture financing
  - (3) \$2 million funded from Mohawk College
  - (4) with the balance (currently estimated at about \$8 million to \$12.5 million) to be financed from fund raising, naming rights, other levels of government, etc but that if such alternative revenue sources are insufficient, Council accepts responsibility to fund the balance of its 44% share through City sources
- (d) That the City of Hamilton's participation in the Pan Am Velodrome project be conditional on receiving an annual financial commitment from the Pan Am Legacy Fund of at least \$500,000 per year to be used to support ongoing operating, maintenance and capital rehabilitation costs.
- (e) That staff be directed to prepare any and all necessary agreements in a form satisfactory to the City Solicitor and that the Mayor and City Clerk be authorized to sign and execute all such agreements.
- OR
- (c) That Council withdraws its participation and all funding commitments for a permanent Pan Am Velodrome project and all resolutions approved by Council affected by this recommendation be so amended.

#### **EXECUTIVE SUMMARY**

The key purpose of Report CM10005(b) is to provide an overview of the Pan Am Velodrome project to date, and to have City Council authorize Mohawk College as the location for the Pan Am velodrome.

The Request for Proposal (RFP) being prepared by Toronto 2015 and Infrastructure Ontario includes the proposed Hamilton velodrome and stadium, as well as the York University stadium, and will be sent to the three proponents selected as a result of the RFQ process which closed on May 12, 2011. (Refer to Appendix "A" - August 12, 2011 IO Media Release). The RFP is scheduled to be released to the three proponents on August 30, 2011 and will close late February 2012. Following the close of the RFP there will be an evaluation with the successful proponent being named in the spring of 2012.

The velodrome project continues to evolve, however it will be a permanent, international standard velodrome which includes:

- 250 metre Union Cycliste Internationale (UCI) sanctioned cycling track

- 1500 permanent seats with capacity for an additional 750 temporary seats
- multi-purpose infield for recreation activities
- change rooms, administrative office, meeting space, storage, National Cycling Centre Hamilton (NCCH) training lab

We have reached a point in time in the Pan Am Velodrome process whereby a firm, irrevocable funding commitment from the City of Hamilton is required before the project can proceed. As such, if Council chooses to proceed with the project today, it does so with the understanding that it can not legally withdraw its participation without serious legal and financial ramifications at a later date. Accordingly, the recommendations contained in this report have been structured in such a way to give Council two options - either proceed with the project or withdraw.

In order for the project to proceed, Council would have to increase its funding commitment by a minimum \$5 million (bringing the total to \$10 million) and accept the risks associated with funding the remaining shortfall of about \$8 million to \$12.5 million should these monies not materialize in full and/or if project capital costs gravitate to the higher end of current estimates.

Finally, there is a projected operating deficit of \$343,000 to \$724,000 per year before any assistance is received from the Pan Am Legacy Fund. Accordingly, it is appropriate that the Velodrome receive at least \$500,000 in annual payments from the Legacy Fund.

### **Velodrome Business Plan and Site Assessment**

A significant amount of work has been undertaken on the velodrome project since Council received Report CM10005 on August 10, 2010. Through Report CM10005 Council received the draft velodrome business plan which was authorized through Report CM09006(b) in February 2010. In addition to receiving the draft business plan, Council directed staff to meet with the Toronto 2015 Host Corporation and cycling stakeholders to determine an action plan and legacy program for the Pan Am velodrome.

In June 2010, Sierra Planning and Management was engaged to develop a Business Plan for the 2015 Pan Am Games Hamilton Velodrome. The 2015 Pan Am Games Velodrome Draft Business Plan, authored by Sierra Planning & Management, was received by Council on August 10, 2010. In September 2010, Sierra Planning and Management were contracted as consultants to facilitate the site location assessment for the velodrome.

Through Report CM10005(a), Council approved the draft Terms of Reference for the Hamilton Velodrome Advisory Committee. The Velodrome Advisory Committee, comprised of city staff, councillors, community stakeholders, and cycling groups, was formed in September 2010 with the purpose of providing advice, input and support for indoor track cycling through the development of a permanent velodrome in Hamilton as part of the 2015 Pan Am initiative and legacy. One specific aim of the Committee is "to review and provide input on the site location for the velodrome". Report CM10005(a) recommended that Council appoint Councillors to sit on the Hamilton Velodrome

Advisory Committee, and Councillors McHattie, Pasuta, Powers, and Whitehead were approved.

The Velodrome Advisory Committee began meeting in the fall of 2010 and all members of the Advisory Committee helped to develop location assessment criteria for the velodrome. The Committee agreed to both the criteria and the weighting prior to commencing the assessment of any velodrome sites, however committee members were aware that the final decision on a location did reside with City Council. The Committee spent considerable time assessing a number of potential sites, and was successful in narrowing down the long list of possible sites with the help of consultants from Sierra Planning and Management. A full synopsis of the location assessment process is included as Appendix "B".

It is important to note that at the midpoint of the evaluation process a new site, Mohawk College, was introduced. The committee members did not have complete information on the Mohawk College site, and as such decided to not include it in the list of potential sites. Following the final evaluation of sites and the priority ranking, Mohawk College came forward with more complete information on their site which included a partnership opportunity. The Velodrome Advisory Committee was updated with the new information and at their meeting of May 26, 2011 unanimously passed the following motion, *"The Hamilton Velodrome Advisory Committee supports the direction to partner with Mohawk College as the preferred site for the Hamilton Velodrome"*.

### **Mohawk College Partnership**

Over the past few months staff has had the opportunity to meet with representatives from Mohawk College to discuss the possibility of a partnership with the velodrome project. The discussions with Mohawk College have evolved over the past months, and Toronto 2015 and Infrastructure Ontario have also been participating in the ongoing dialogue.

Mohawk College has a need to build new recreation facilities for their students, and initially approached the City with a partnership opportunity for a combined velodrome and recreation complex. (Refer to Appendix "C" - February 11, 2011, Mohawk College letter). An initial functional program for a combined facility was developed in conjunction with IO and TO2015, however indications were that the cost for a combined facility was too high. A decision was made by the parties to separate the velodrome facility from the Mohawk Recreation Complex (MRC), but to design both in such a way that there would be synergies and there could continue to be shared use of space. The separation of the facilities allowed for a more basic velodrome program which could function on its own on a day-to-day basis and have a lower capital cost. The high performance cycling athletes training in the velodrome would be able to access the sport medicine and strength and conditioning areas within the MRC, while Mohawk students would be able to access the velodrome infield for recreation and intramural use. Although the MRC and the velodrome are two distinct facilities, the approach to design and operations planning has been one of a single sport and recreation venue.

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The City received a letter in June (Refer to Appendix "D" - June 21, 2011, Mohawk College letter) which identified six requirements for the College's participation in the velodrome project. At a high level these requirements are:

1. Mohawk College recreation and academic program needs are met.
2. Mohawk's financial contribution to the project is equal or less than it would be for a stand-alone facility.
3. A viable capital funding scheme and funding sources are identified.
4. The displaced College development lands and parking are replaced by providing the surplus ORC/St Joe's lands on the north side of Fennell Avenue.
5. A mutually agreed upon term sheet between the City and the College.
6. Approval by Mohawk Board of Governor's and the Mohawk Students Association.

Concurrently with the velodrome design discussions were meetings between the City and Mohawk College on a draft Memorandum of Understanding for the partnership. Substantial progress has been made on a term sheet/draft MOU, however a number of issues remain to be resolved. It is important to note, however, that both Mohawk College and the City are confident that a mutually agreeable MOU can be reached.

#### **Update on Discussions with the Government of Canada**

At the General Issues Committee 11-004 (January 31, 2011) Council approved the following respecting the velodrome for the 2015 Pan Am Games: "That the City Manager be directed to begin discussions with the Federal Government, specifically Minister G. Lunn, Minister of State (Sport), with the Mayor's assistance, requesting the additional \$22.5 million for support of the City's permanent velodrome." Following this direction, preliminary discussions did occur between the City Manager's office, along with the Mayor's office. The discussions were very preliminary given that a final capital cost for the velodrome has not yet been identified.

#### **Toronto 2015**

Throughout 2011, staff has met with Toronto 2015 to discuss the velodrome project. In particular, the discussions have focused on how to work together to secure additional capital funds, as well as on the timeline for a decision on a velodrome location. Toronto 2015 and the City of Hamilton are partners in moving the project forward, and are continuing to work together to find a solution which will allow for a permanent velodrome to be built in Hamilton as part of the Pan Am Games legacy. The Board of Directors of Toronto 2015 passed a resolution at the end of January 2011 which confirmed *"its commitment to work with its funding partners to construct an all-season velodrome in the Hamilton region to serve as an essential element of the legacy contribution of the Corporation and the Games."* (Refer to Appendix "E"). Further to this resolution, Toronto 2015 has committed to increasing their capital contribution to the velodrome project from \$6.4M to \$25M to reflect 56% of the new capital estimate.

#### **P3 Canada Fund**

Staff has had further discussions with P3 Canada with respect to the velodrome project. P3 Canada is currently refining their application process, and will circulate a fourth intake process sometime in 2011/12. Staff will continue to liaise with P3 Canada and

may submit a Preliminary Application for review by the P3 Canada Board of Directors later this year. It is important to note, however, that the federal grant stacking provisions are still in place and would need to be considered as part of the Preliminary Assessment. The federal grant stacking provision does not allow for the federal government to contribute more than 25% of the total project cost, and the Toronto 2015 contribution is considered as Government of Canada funds.

### **Infrastructure Ontario (IO) Process**

City staff has been meeting with representatives from Infrastructure Ontario (IO) and Toronto 2015, as well as with cycling stakeholders and Mohawk College, on developing the functional program for a permanent velodrome. A series of meetings have taken place, and the Planning, Design and Compliance architects are developing a conceptual design for the velodrome based on the agreed upon functional program. The conceptual design will be available for inclusion in the RFP release at the end of August 2011. It is important to note that since the RFP is a Design / Build process, the final facility may look considerably different than the concept designs.

We have reached a point in time in the Pan Am Velodrome process whereby a firm, irrevocable funding commitment from the City of Hamilton is required before the project can proceed. As such, if Council chooses to proceed with the project today, it does so with the understanding that it can not legally withdraw its participation without serious legal and financial ramifications at a later date. Accordingly, the recommendations contained in this report have been structured in such a way to give Council two options - either proceed with the project or withdraw.

### **Parapan Am Games**

The loss of the Athletics competition in Hamilton meant that our community would no longer be a host for any Parapan Am Games events. In discussions with both the Canadian Cycling Association and Toronto 2015, staff has indicated that Hamilton would be very interested to host Para-cycling Track as part of the 2015 Parapan Am Games, should it be added to the sport program. Currently, Para-cycling Track is not part of the Toronto 2015 program, however Toronto 2015 is considering expanding the Parapan sport program to include Para-cycling Track, as well as other Parapan events. The final decision on the sport program for the Pan/Parapan American Games rests with the Pan American Sport Organization (PASO). As per the Regulations of PASO, the sports program for the Toronto 2015 Games must be approved by the PASO Executive Committee at least three years before the Opening of the Games, however Toronto 2015 is currently working towards completing this process well in advance of this deadline.

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:**

**CAPITAL**

Currently, there is an allocation of \$11.4 million (2008 dollars) in the Pan Am Games capital budget for a velodrome, of which the City has committed \$5 million. However, under the Multi-Party Pan Am Agreement, the City, should it chose to continue with the project, has committed itself to funding 44% of facility construction costs plus 100% of land acquisition and site development costs.

Further work on the functional program for the velodrome, as well as discussions with both Infrastructure Ontario and Toronto 2015, has indicated that the total project cost will be significantly in excess of the original estimate, and that the actual project cost will not be known until early in 2012. The current capital construction cost estimate for the velodrome project ranges between \$35 million and \$45 million, of which the City is responsible for 44% (\$15.4 million to 19.8 million) as per the Multi-Party Agreement.

In addition to the capital cost, there are site costs associated with building at the Mohawk College site of approximately \$4.5 million which the City must also fund.

The total project / development would now incorporate a new Recreational Facility for Mohawk College. Mohawk would finance 100% of the cost related to its own facility (including construction, land and site development).

**Table 1 - CAPITAL COSTS**

Velodrome Construction	\$35M - \$45M
Velodrome Site Preparation costs	\$1.5M
Velodrome Site Relocation, Development and Parking	\$3.0M
Land Acquisition (Lease)	0
<b>Subtotal Velodrome</b>	<b>\$39.5M - \$49.5M</b>
<b>Mohawk Rec Facility (incl. site development)</b>	<b>\$15M</b>
<b>Total Development</b>	<b>\$54.5M - \$64.5M</b>

**Table 2 - SOURCES OF FUNDS**

<b>Committed Funds:</b>	
Toronto 2015 @ 56%	\$19.6M - \$25.2M
City Of Hamilton	\$5M
Mohawk Students Association	\$17M
<b>SUBTOTAL</b>	<b>\$41.6M - \$47.2M</b>
<b>Shortfall:</b>	<b>\$13M - \$17.3M</b>

Toronto 2015 has committed to fund 56% of capital construction costs, which at the higher cost estimate of \$45 million would amount to \$25.2 million. Toronto 2015 is also committed to pay for its share i.e. 56% of any cost increases, should they occur.

It is also important to note that while the Mohawk Recreation Facility is projected to cost \$15 million, the College is willing to contribute \$17 million to the total development, effectively providing for a \$2 million contribution towards the Velodrome. In addition, the \$17 million will actually come from students themselves, as the Mohawk Students Association has agreed to provide the funding.

**Table 3 - POTENTIAL SOURCES FOR FUNDING SHORTFALL**

City of Hamilton - Additional Funds	\$5M
Fundraising	\$3m - \$5M
Naming Rights	\$1M - \$3M
Other	unknown
<b>Shortfall if City Provides Additional \$5 million</b>	<b>\$7.9m - \$12.3m</b>

Council has capped the City's contribution to \$5 million but realistically, if Council wanted to proceed with this project it would have to contribute at least an additional \$5 million (bringing the City of Hamilton's share to \$10 million). If Council wanted to take this approach, then the remaining funding shortfall would be about \$8 million to \$12.5 million. Given our existing capital budget constraints, this does represent a considerable risk to the City of Hamilton.

Given the City existing capital budget pressures, if Council decided to provide additional funds for the Velodrome project, then staff would recommend that these be debt financed. An additional \$5 million in debt would cost about \$482,000 in annual debt charges and represent about a 0.1% impact on residential property taxes. This impact,



does not include the additional \$8 million to \$12.5 million (approx.) potential unfunded portion noted in the previous paragraph.

Although the costs outlined in Table 1 exceed the current commitment from the City of Hamilton, staff feel the greatest chance for attracting additional funds to cover the gap is to partner with Mohawk College. Mohawk has committed to assisting with the fundraising campaign. The fundraising strategy will include a combination of philanthropic gifts, government contributions, and naming rights. Toronto 2015 will also assist in securing additional senior government funding. Should the targeted fundraising objective not be achievable, alternative revenue sources will need to be identified and a risk assessment approach will need to be reviewed. More importantly, if Council chooses to proceed with the project, the City must accept this risk.

It is important to note, that the RFP process requires a firm commitment from the City of Hamilton in order to proceed. Therefore the City would be required to assume the forecasted project funding shortfalls as well as 44% of any construction cost increases.

### **Operating Projections**

The Sierra Planning Group prepared revenue and cost projections for operating a new proposed velodrome in Hamilton. Three alternative scenarios were assessed as follows:

1. Base Case: Scenario - City Owned / Operated
2. Sensitivity 1: Base case at 75% Utilization of Track
3. Sensitivity 2: Base case at 75% Utilization of Track Plus Reductions in achievable revenues / pricing

The latter two scenarios (i.e. numbers 2 and 3) are cash flow variants of the first base case scenario (i.e. number 1) whereby facility usage and revenues are reduced to provide for more conservative assumptions (i.e. a worst case scenario).

Based on the business case provided by Sierra Planning and Management, a detailed operating budget identified a net operating shortfall ranging from -\$143,000 to -\$374,000, which includes a modest 0.5% capital reserve (budgeted at \$100,000). The Consultant has noted that this capital reserve estimate is low and an argument exists for raising it by **at least** \$100,000 (i.e. to the 1.0%). These estimates however were based on a \$20 million construction cost estimate. At \$30 million, however, the capital reserve provision should be at least \$300,000 (i.e. 1%) or \$450,000 (i.e. 1.5%).

Part of this operating shortfall would be funded through an allocation provided by the Toronto 2015 Legacy Fund plus payments made by Mohawk College for use of the facility. The amount to be paid by Mohawk is still to be finalized through the Memorandum of Understanding discussions.

The table below presents the annual project operating budget shortfalls using the higher (but more realistic) capital reserve provisions of 1% and 1.5% and a \$30 million capital construction component.

**Table 4 - PROJECTED ANNUAL NET OPERATING POSITION**

	Low	Mid	High
Net Shortfall From Operations	- \$42,911	- \$83,993	- \$273,824
Capital Reserve @ 1.0% per Year on \$30m	- \$300,000	- \$300,000	
Capital Reserve @ 1.5% per Year on \$30m			- \$450,000
<b>Total</b>	<b>- \$342,911</b>	<b>- \$383,993</b>	<b>- \$723,824</b>

Appendix "F" contains a summary table of the Financial Operating Analysis prepared by the Consultant.

In discussions with Toronto 2015 regarding the Pan Am Legacy Fund, the following points were confirmed:

- The Velodrome is one of three facilities identified to receive Pan Am Legacy Funding
- The Pan Am Legacy Fund will be \$70 million and the annual disbursement will be shared between the three facilities (the percentage amounts will be determined by a Legacy Fund Corporation)
- 75% of the Legacy Fund disbursement will go towards operating costs and capital maintenance costs and 25% for programs to support high performance sport

If the Legacy Funds earns 2% to 3% interest per year, this would provide \$1.4 million to \$2.1 million in annual funding to support the three Legacy Facilities. Given the significant financial exposure to the City of building and maintaining a year round, permanent velodrome facility, staff recommend that if Council wants to proceed with the project it makes the City's participation conditional on receiving at least \$500,000 annually from the Legacy Fund.

**Staffing:** N/A

**Legal:** There are four active expropriations at the West Harbour site which need to be ceased as the lands are no longer needed for the Pan Am initiative. Legal staff will need to work to close the open expropriations as soon as possible.

## **HISTORICAL BACKGROUND**

### **Chronology of Pan Am Games Reports and Milestones that relate to the velodrome:**

October 13, 2010: Council approved Report CM10005(a) "International Event Opportunities – 2015 Pan Am Games Velodrome Business Plan"

August 10, 2010: Council approved Report CM10005 "International Event Opportunities – 2015 Pan Am Games Velodrome Business Plan"

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February 18, 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".

February 23, 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 10, 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**

The City's participation in the 2015 Pan Am Games relate to the:

- City's 2010 Corporate Priority Plan and the City's Strategic Plan
- Hamilton Future Fund Mission and Guiding Principles
- Shifting Gears 2009

### **RELEVANT CONSULTATION**

Toronto 2015  
Mohawk College  
Province of Ontario – Ministry of Health Promotion and Sport  
Infrastructure Ontario  
Canadian Cycling Association  
Ontario Cycling Association  
National Cycling Centre Hamilton  
Hamilton Cycling Committee  
Own the Podium

Canadian Olympic Committee  
Sport Canada  
Youth Serving Agencies Network  
Community Services – Recreation Division  
P3 Canada

### **ANALYSIS / RATIONALE FOR RECOMMENDATION**

The Pan Am Velodrome has been a priority venue for the City of Hamilton, the Pan Am Games Bid Committee and Toronto 2015 since the beginning of the Pan Am bid process. A permanent velodrome offers a unique legacy opportunity for the City of Hamilton, Ontario and Canada as well as an opportunity for “place branding” for the city. Toronto 2015, Own the Podium and the Canadian Olympic Committee are committed to help realize a permanent velodrome as a legacy of the Pan Am Games. Toronto 2015, as indicated in the financial section above, has increased their financial commitment to the velodrome, and Own the Podium (OTP) and the Canadian Olympic Committee (COC) continue to provide support and a strong voice within the national sport community.

The velodrome will become a true community centre, where participants of all ages can ride on the same track as their Olympic and Pan Am heroes. The addition of a velodrome to the city’s inventory of sport and recreation amenities will also facilitate the continued growth of the National Cycling Centre Hamilton (NCCH), a legacy of the 2003 Road World Cycling Championship. Within the last year, the NCCH has grown from eight youth, two volunteers and no sponsors to nearly 60 youth, 25 volunteers and four corporate sponsors. In the fall of 2010 over 2,000 school students were tested on their cycling abilities, and as a result there is a waiting list to join the NCCH program.

#### Community Impact

Hamilton will be uniquely positioned as the home of Canada's only international standard velodrome and the only international standard indoor velodrome east of Los Angeles. The partnership with Mohawk also raises the profile of the City’s only college within and outside of our community, and provides Mohawk students with enhanced recreational amenities. Some of the legacies of a permanent velodrome are:

- From a recreation and healthy active living perspective, cycling is the 2nd most popular physical activity in Canada behind walking. And globally, cycling is the 2nd most popular sport behind soccer.
- Hamilton will become “Canada’s Cycling City” and an internationally recognized centre of excellence for cycling.
- Hamilton will continue to build on the legacy from the 2003 UCI Road World Cycling Championships.
- Through the velodrome, Hamilton will gain a unique branding tool to market itself to the world.
- Hamilton will become the only city in Canada able to host international track cycling events.

- Canadian athletes will no longer have to train and compete outside of Canada due to the lack of appropriate facilities and competitions as they will be able to live and train in Hamilton.
- Hamilton-based athletes will represent Canada at the Pan Am Games, Olympic Games, Commonwealth Games, and at World Championships

#### Economic Impact

- The Hamilton velodrome will be home to the annual national and provincial track championships, as well as international events on a regular basis for a total of approximately 20 major event days per year.
- The business plan analysis shows an annual economic impact from hosting events of approximately \$3.2 million.
- Hamilton will become the home for the Canadian National Track Cycling team for four to five months per year. The National Team is comprised of approximately 20 athletes and five support staff. In addition to the Canadian Team, it is expected that athletes from other countries will also come to Hamilton to train at the velodrome. These relocations/visits will result in approximately \$1.5 million per year in new spending in the community.

Based on the type of events, relocations and visitation at the velodrome as outlined above it is projected that the total new spending within the community would be approximately \$4.7 million per year.

Since the last velodrome report was presented to Council, additional work has been undertaken to better understand the capital and operational needs of the velodrome. The cycling community (local, provincial, national) have worked to develop a legacy plan which accommodates both community recreation needs, as well as high performance amateur sport. Through this work it has become evident to all partners, including Toronto 2015, that there is a need for a permanent, year-round velodrome as a legacy from the 2015 Games and Toronto 2015 is committed to finding a solution to this challenge. In summary:

- The \$11.4 million budget in the bid book is insufficient to construct a truly permanent velodrome
- Toronto 2015 is committed to realizing a legacy velodrome facility and their Board approved the following recommendation: *"The Corporation accepts the recommendation of the Sport and Sport Legacy Committee of the Board and hereby asserts its commitment to work with its funding partners to construct an all-season velodrome in the Hamilton region to serve as an essential element of the legacy contribution of the Corporation and the Games."*
- Toronto 2015 has increased their capital commitment for the velodrome project from \$6.4 million to \$25 million.
- Mohawk College has come forward with a desire to partner with the City on the velodrome project, and have committed a minimum of \$2 million towards the velodrome project which would include additional space for Mohawk College classes and fitness and recreation activities.

- The partnership between Mohawk College and the City provides a compelling story for both government and private sector support, and greatly assists in the sustainability of the velodrome as it will be used by students and faculty/staff on a daily basis.
- Throughout the RFP process, Toronto 2015, Mohawk College and the City will actively pursue other funding opportunities to help with the capital cost of a permanent velodrome.

### **ALTERNATIVES FOR CONSIDERATION**

**Alternative A:** The West Harbour is the standing decision of Council, and as such Council could opt to not rescind their previous decision of February 24, 2010 (Committee of the Whole Report 10-008) and as such direct staff to submit to Toronto 2015 that the West Harbour is the location for a permanent velodrome.

**Alternative B:** Council could choose not to participate any further in the RFP process for a new velodrome and pull out of the project at this time.

### **CORPORATE STRATEGIC PLAN**

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**

- Appendix A - I.O. Media Release, Selection of Three Proponents
- Appendix B - Location Assessment Process Synopsis
- Appendix C - Mohawk College, February 11, 2011 Communication
- Appendix D - Mohawk College, June 21, 2011 Communication
- Appendix E - Board of Directors of TO2015 Resolution
- Appendix F - Financial Operating Analysis

TCS/ct  
(Attach.)

News Release  
Communiqué



For Immediate Release  
August 12, 2011

**TORONTO 2015 PAN/PARAPAN AMERICAN GAMES STADIA AND VELODROME  
PROJECTS ATTRACT INDUSTRY INTEREST**

TORONTO – Infrastructure Ontario announced today three teams that have been short-listed to design, build and finance three Toronto 2015 Pan/Parapan American Games venues.

The project is comprised of two stadiums and a velodrome including:

- the proposed Ivor Wynne Stadium which will be one of the host venues for soccer;
- the proposed velodrome which will host the track cycling competition; and
- the proposed York University stadium which will host the athletics competitions.

Based on the request for qualifications process that began in February 2011, the three teams short-listed for the request for proposals stage for the stadia and velodrome projects include:

**Bird/Turner Stadium Co.**

Developer: Bird/Turner Joint Venture

Design: Populous and Kasian Architecture

Construction: Bird Design-Build Construction / Turner Construction Company

Financial Advisor: Investec / HOCHTIEF PPP Solutions

**Ontario Sports Solutions**

Developer: Bouygues Building Canada Inc. and Kenaidan Contracting Ltd.

Design: Cannon Design / Faulkner Browns Architects / Arup Associates

Construction: Bouygues Building Canada Inc. / Kenaidan Contracting Ltd.

Financial Advisor: National Bank

**United Sports**

Developer: Laing O'Rourke / Bondfield Construction Company Limited

Design: ZAS Architects / HKS Architects

Construction: Laing O'Rourke / Bondfield Construction Company Limited

Financial Advisor: Rocklynn Capital Inc. / KPMG LLP

Companies were selected based on their development, design, construction and financial capacity to undertake projects of this size and complexity. The three short-listed companies will be invited to respond to a request for proposals, expected to be issued within the next several weeks.

The projects will provide a sizable stimulus to Ontario's economy by directly and indirectly creating and supporting hundreds of jobs.

Infrastructure Ontario and TO2015 are working with municipalities in the Greater Golden Horseshoe, universities and provincial agencies to procure and deliver the Athletes' Village and Games venues, such as the stadia and velodrome facilities.



Infrastructure Ontario is a Crown corporation dedicated to delivering some of the province's larger and more complex infrastructure renewal projects, on time and on budget; managing one of the largest real estate portfolios in Canada and providing real estate services, such as asset management and property and land management; and providing the public sector and not-for-profit organizations with long-term financing to renew public infrastructure.

The Pan American Games are one of the world's largest international multi-sport events, held every four years for athletes of the 42 member nations of the Pan American Sports Organization (PASO). The Games comprise all Olympic Summer Games sports, as well as traditional Pan American sports. The Toronto 2015 Pan/Parapan American Games will draw 10,000 athletes and officials and feature 48 sports in 17 municipalities across the Greater Golden Horseshoe area. The Toronto 2015 Pan American Games will take place July 10–26 and the Parapan American Games August 7–14.

Visit [www.infrastructureontario.ca](http://www.infrastructureontario.ca) or [www.toronto2015.org](http://www.toronto2015.org) for more information.

**Quotes:**

***Honourable Bob Chiarelli, Minister of Infrastructure***

"The Toronto 2015 Pan/Parapan American Games will see the development of new and revitalized athletic and recreational facilities across the Greater Golden Horseshoe. These facilities will serve as a valuable legacy of the Games for Ontario's amateur and recreational athletes."

***Honourable Margaret Best, Minister of Health Promotion and Sport***

"These new facilities will be a boost to healthy, active living in our communities. Ontarians of all ages and abilities will have more opportunities for sport and recreation, while our high-performance athletes will benefit from improved training and competition resources."

***Honourable Sophia Aggelonitis, Minister Responsible for Seniors, Minister of Revenue and MPP for Hamilton Mountain***

"The Toronto 2015 Pan/Parapan American Games are going to be an exciting event for Ontario. Hamiltonians can look forward to playing a significant role in this international event."

***Ted McMeekin, MPP for Ancaster–Dundas–Flamborough–Westdale***

"Today's announcement demonstrates the government's commitment and determination to make the Games a reality in Hamilton."

***Mario Sergio, MPP for York West***

"I am pleased to see this project taking another important step. The York University Athletics Stadium will be a major focal point of competition during the Toronto 2015 Pan/Parapan American Games, and we look forward to the positive impact the Stadium will have on students, athletes and the community following the Games."

- 30 -

**Contacts:**

Terence Foran  
Infrastructure Ontario  
416-325-2939

Carlene Siopis  
TO2015  
416-957-2035

*Disponible en français*

### 2015 Pan Am Games, Hamilton Velodrome Process to Date

1. Sierra Planning and Management was engaged to develop a Business Plan for the 2015 Hamilton Velodrome in June, 2010.
2. The 2015 Pan Am Games Velodrome Business Plan, authored by Sierra Planning & Management was received by Council on August 10, 2010.
3. Sierra Planning and Management was contracted as consultants to facilitate the site location assessment for the Velodrome in September, 2010.
4. On October 12, 2010, the 2015 Pan Am Games Velodrome Business Plan was presented to the CoW.
5. The Velodrome Advisory Committee comprised of city staff, community stakeholders, cycling groups and City Councillors was formed in September, 2010 with the purpose of providing "advice, input and support for Indoor track cycling through the development of a permanent velodrome in Hamilton as part of the 2015 PanAm initiative and legacy". One specific aim of the committee is "To review and provide input on the site location for the velodrome".
6. A set of 28 locational criteria was drafted by the consultant and all members of the steering committee were given the opportunity to comment on the merits, interpretation and weighting of the criteria. The criteria and respective weighting (out of 3) are as follows:

<b>A. Site Characteristics and Location</b>	<b>Criteria Weighting</b>
1. Capacity to accommodate building footprint and potential future building footprint/appropriate outdoor uses	3
2. Consistency with Provincial and Municipal strategic and land use planning policy (e.g. zoning considerations)	2
3. Proximity to existing or planned clusters of community sports facilities and other compatible/complimentary uses	3
4. On-site parking availability (both public and private)	3
5. Off-site parking availability (public)	3
6. Venue visibility for naming rights (i.e. will location and surrounding environment enhance the image of the facility)	1.5
7. Is the site centrally located (in general terms) relative to schools, post secondary institutions and other feeder institutions	1
<b>B. Transportation</b>	
8. Ease of access by foot	1
9. Ease of access by bicycle	3
10. Ease of access via local public transit	2
11. Ease of access via inter-regional modes of transportation (bus/train)	2

12. Regional automobile access	2
13. Local automobile access/egress – impact	3
14. Charter bus / truck parking and loading-related access	3
<b>C. Costs and Ease of Acquiring Development Land</b>	
15. Cost of land acquisition	3
16. Replacement of existing valuable land uses	3
17. Timing (assemble property, remediation, servicing, planning approvals and construction)	3
18. Proximity to other facilities and/or land and/or infrastructure (for potential synergies in terms of access to centralized parking or other operational support)	1.5
19. Likelihood of site (in relative terms) to generate extraordinary development costs	3
<b>D. Urban Context/Design Opportunities</b>	
20. Relative likelihood for contributing to urban regeneration	2
21. Design opportunity to create a signature building and focus (site lines, historic influence, visual / physical relationship to other civic buildings, exposure, etc.)	2
22. Ability for infield and ancillary space to meet community deficit for recreational facilities and amenities (as identified in the Recreational Master Plan Update)	1.5
<b>E. Economic and Property Impact</b>	
23. Enhancement of immediate site context – street vitality and walkability (in relative terms)	2
24. Positive impact on existing local retail/commercial/accommodations sectors	1.5
25. Potential to attract new local retail / commercial / accommodations	1
26. Negative impact on residential neighbourhoods	2
27. Opportunity costs (lost opportunity if facility is placed on-site)	2
28. Potential to enhance the image of the City (branding opportunity)	2

Several meetings were held with the committee to address the criteria and their respective weighting. As a result of a number of changes, at a meeting of September 23, 2010, all groups signed onto the criteria and respective weighting of each criterion.

7. 23 potential sites were brought forward by committee members, representing the “long list” of sites. The long list of sites were subjected to 3 pre-screening criteria in order to eliminate further consideration of sites with clear issues of development feasibility. The three pre-screening criteria are as follows:

- *Site is minimum of 4 hectares (approx. 10 acres) in size and is able to accommodate a minimum building footprint for the velodrome of 2.6 acres.*

- *Current planning or regulatory approvals are not insurmountable and do not preclude the construction of a velodrome (i.e., those with significant challenges to achieving the necessary land use planning approvals were ruled out).*
- *Site is either owned by the City Of Hamilton or easily acquired at an acceptable cost to the City.*

From this process, a “pre-screened” list of 15 sites was determined.

8. At the meeting of November 15<sup>th</sup>, 2010 an additional 3 sites were removed from the “pre-screened” list of sites in order to form a “short list” of 12 sites. The following shows the long list of potential sites, and the process to arrive at a list of 12 short-listed sites.

Site #	Potential Site - Name	Removal Reason
1	Olympic Sports Park	
2	Eastwood Park	
3	North Wentworth Community Park	November 15 – New arena development, remaining site too small.
4	Olympic Park	
5	West Harbour	
6	T.B. McQuesten Park	
7	Ancaster Community Centre Park	
8	William Connell Park	
9	87 Acres Park	Fail pre-screen #2, OP doesn't permit extension of services beyond the urban area
10	Mohawk Sports Park	
11	Joe Sams Leisure Park	Fail pre-screen #2, Outside the urban boundary; need amendment. Contrary to Greenbelt legislation.
12	Studebaker Site	Fail pre-screen #3, Privately owned and too costly to purchase.
13	McMaster University	
14	Scott Park	Fail pre-screen #1, Insufficient size to accommodate footprint.
15	Turner Park	November 15, difficult internal access while maintaining existing uses.
16	Fifty Road/QEW	Fail pre-screen #3, privately owned and plans underway to build.
17	Confederation Park	
18	Centennial Parkway/QEW	Fail pre-screen #3, privately owned and plans underway to build.
19	Beverly Community Centre	Fail pre-screen #2, outside the urban boundary and can't extend services.
20	East Mountain	
21	CP Rallyard	November 15, rallyard plan does not allow sufficient area for a velodrome.
22	West End Gateway Site	

23	Ancaster Bus Loop	Fail pre-screen #1, not large enough; planning issues.
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9. A day-long session was held on November 16<sup>th</sup>, 2010 whereby a full evaluation was conducted of each short-listed sites on a criteria-by-criteria basis. The committee evaluated the sites on the assumption that West Harbour site was not to include the Stadium; It was also assumed that site 22 (West End Gateway Site) was to be the site of the development of the Stadium.
10. Results of the group scoring was averaged and presented to the group at the meeting of December 10<sup>th</sup>, 2010.
11. Also at this meeting, an additional site for consideration was presented, a site at Mohawk College. The committee decided not to pursue further consideration of the Mohawk College site in the interest of timing.
12. The results of the evaluation of all 12 sites by the group led to 4 sites which were clear "leaders", the committee made the decision to proceed with these top 4 sites only.

Rank	Site	Total Weighted Score
1	Site #6 T.B. McQuesten	183.1
2	Site #10 Mohawk Sports Park	182.6
3	Site #5 West Harbour	178.0
4	Site #1 Olympic Sports Park	177.6
5	Site #4 Olympic Park	171.8
6	Site #7 Ancaster Community Centre Park	165.3
7	Site #22 West End Gateway	164.0
8	Site #8 William Connell Park	163.9
9	Site #2 Eastwood Park	161.9
10	Site #13 McMaster University	160.1
11	Site #17 Confederation Park	159.3
12	Site #20 East Mountain	152.5

Note the maximum or "perfect" score for any site is 248.

13. Given the top 4 sites, the Committee undertook an exercise of ranking amongst the top 4 sites. Sites were ranked without consideration of costs of remediation or land use planning complications, issues which were at the time still subject to necessary due diligence to determine more accurately the severity of the costs and risks to development.

Rank	Site	Total Weighted Score
1	Site #10 Mohawk Sports Park	14
2	Site #1 Olympic Sports Park	19
3	Site #6 T.B. McQuesten	21





4	Site #5 West Harbour	26
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*Note: lower score = higher ranking*

The group made the decision to proceed with further due diligence and to develop drawings showing siting options on the top 3 sites (Sites #10, 1 and 6).

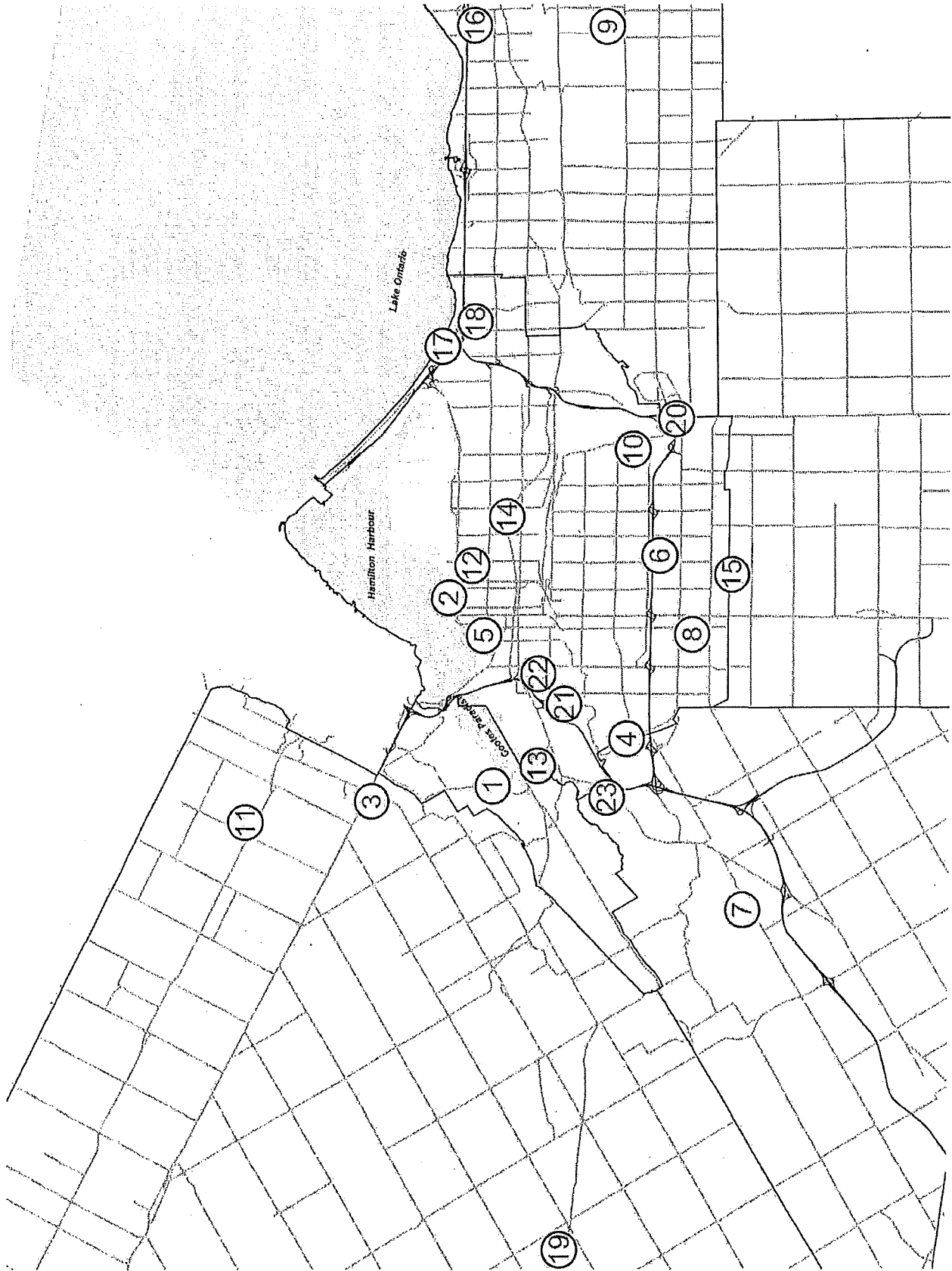
14. The results of the due diligence exercise was presented at the meeting of January 7<sup>th</sup>, 2011. The results showed that there are replacement costs for each of the selected sites, and potential issues with site #1. Details of the due diligence exercise for the top 3 sites is summarized in the following:

**Legend**

-  Proposed Velodrome Site
-  Road
-  Municipal Boundary
-  Lake

**Velodrome Sites for Consideration**

City of Hamilton Planning Department	Hamilton
PLANNING DEPARTMENT	
DATE: 2011-03-22	
PROJECT: VELODROME SITES FOR CONSIDERATION	
DRAWN BY: J. BROWN	
CHECKED BY: J. BROWN	
APPROVED BY: J. BROWN	





February 11, 2011

Diane LaPointe-Kay  
Director of Recreation  
Hamilton Community Services Department  
P.O. Box 2040, LCD1  
Hamilton City Centre  
77 James Street North, Ste 400  
Hamilton, ON L8R 2K3

Dear Ms. LaPointe-Kay:

**Re: Hamilton Velodrome Facility at Mohawk College**

Thank you for the opportunity to work with you and your team to explore the possibility of locating the new Hamilton Velodrome facility at Mohawk College's Fennell Campus.

Mohawk College has a proud history of providing high quality skills based on post secondary education to a wide cross section of Hamilton residents. We have in excess of 80,000 alumni most of who continue to live in the Hamilton region. The majority of our students come from this City and will continue to reside here after they graduate. Looking ahead, we know that seven out of every ten new jobs created in our economy will require some form of post-secondary education. It is therefore clear to us that Mohawk will play an essential role in Hamilton's future economic success. However, for Mohawk to live up to its potential, the College must have first class facilities for its students.

Unfortunately, that is not the case today as much of our physical plant is showing its age. We are committed to changing that situation. After many years of deferred maintenance, we have now embarked upon the largest physical renewal in our college's history. Our new library on Fennell Avenue is an emblem of the ongoing construction and renovations we have planned. But there is still much to do.

Page | 1







Mohawk has a pressing need for updated recreational facilities. Our decades old gym and fitness facilities have fallen far behind virtually all of our sister colleges. In our view, the Velodrome project provides a unique and important opportunity to provide Hamilton's college students with the facilities they deserve while at the same time brilliantly accommodating and showcasing this Pan Am venue of international significance.

Building a multi-purpose athletic facility on academic grounds would be consistent with the tradition of other construction projects undertaken by the 2015 Pan American Games (e.g. Aquatic Facilities at University of Toronto Scarborough Campus). At Mohawk, we bring over 12,000 full time students to the table that will have access to the facilities and that will ensure a sustainable operational model long after the Pan Am games have ended. The result will be a legacy for the City and the Province which supports our common goal of providing access to quality recreation programs and facilities for the residents of the City of Hamilton.

It may be helpful to summarize Mohawk's objectives in regard to the project. They are:

1. provide recreation and healthy living facilities for Mohawk College students and staff and enhance student satisfaction;
2. make college facilities available to the community so as to enhance the college - community relationship;
3. offer in-place learning and employment opportunities for Mohawk students;
4. contribute to Hamilton and Ontario economic development strategies;
5. support Hamilton and Mohawk's sustainability commitment; and
6. create partnerships which take advantage of operating synergies and efficiencies.

Earlier this year, Mohawk undertook a comprehensive review of our recreation and fitness requirements and facilities. Our review resulted in the identification of program and space requirements for recreation and fitness (Attachment 1).

With your permission we have reviewed the Velodrome concept plans prepared by Sierra Planning and WGD Architects. We have proposed a location for the Velodrome on the Fennell Campus which provides easy access and visibility for users (Attachment 2). It is a location that is convenient for public transit, vehicle access and adjacent





parking. The location is close to the College student residence which could well be an advantage for major national and international events.

We have overlaid the Mohawk recreation and fitness program with the spaces identified in your concept plan. It appears that our program needs can be entirely accommodated within the existing footprint of the Velodrome. We have attached these preliminary space studies for information (Attachment 3).

In our discussions to date, you have proposed that in the event of a collaborative effort, Mohawk College would be responsible for incremental capital costs incurred as a result of our participation in the project. Given the synergies we have identified, we estimate our share of capital cost (based on this proposal) would be \$5 million. Mohawk can commit to this contribution level.

In our opinion, locating the Velodrome at Mohawk College's Fennell Campus fulfills the City's and Province's objective of constructing a sustainable multi-purpose permanent facility that provides both recreation and high performance sports at one site.

We understand that the City's first and foremost priority is ensuring that the Velodrome meets the needs for a state-of-the-art national cycling training centre. We believe that fulfilling this priority is compatible with Mohawk College's recreational, fitness and academic needs. Indeed, a partnership between the City and Mohawk College in building the Velodrome at the Fennell Campus provides the City with a number of distinct strategic advantages that it would not otherwise have including:

- Partnering with a well-known, well respected public institution that has been a leader in the Hamilton community for decades;
- Reducing the City's exposure to ongoing operating costs and risk beyond 2015, given the use and funding of the facility on an ongoing basis by Mohawk students;
- Increasing the likelihood of public support given the multi-purpose use of the facility and in turn diminishing the perception (whether legitimate or not) that a stand-alone Velodrome serves a relatively narrow segment of the population without benefit to the larger community;
- Supplementing the Velodrome's operation with a research and high performance training program (which can also include McMaster University) that may enhance the facility's prestige, practicality and usage;
- Placing the Velodrome near an established transit hub that will provide access to the facility for those who may not have an automobile at their disposal;





- Constructing a permanent world-class facility that can have long term economic and reputation benefits for the city; and
- Helping to facilitate the revitalization of Mohawk's Fennell campus

In closing, we believe that as a learning institution, Mohawk College is ideally placed to guide and promote the advancement of cycling in our community particularly among young people, which the future of the sport will ultimately depend. To that end, our emphasis on educational access ensures that traditionally underrepresented communities such as First Nations students have exposure to cycling helping to grow the sport in the years ahead. Finally, our expertise in health and technology provides the Velodrome an educational component that will truly mark the facility not only as a national centre of excellence in cycling but also an ongoing legacy of learning for the people of Hamilton.

We thank you for your consideration and look forward to providing you with further details on this exciting project.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob MacIsaac".

Rob MacIsaac  
President

cc: Sophia Aggelonitis, M.P.P.  
Mayor Bob Bratina, City of Hamilton  
David Braley, Orlick Industries  
Mark Chamberlain, Jobs Prosperity Collaborative  
Terry Cook, Hamilton Community Foundation  
Ted McMeekin, M.P.P.  
David Sweet, M.P.





June 21, 2011

**By email and courier**

Mr. Ian Troop  
Chief Executive Officer, Pan Am Toronto 2015  
Corus Quay  
25 Dockside Drive – 7<sup>th</sup> Floor  
Toronto, ON M5A0B5

Mayor Bob Bratina  
City of Hamilton  
Hamilton City Hall  
71 Main Street West – 2<sup>nd</sup> Floor  
Hamilton, ON L8P4Y5

Dear Sirs:

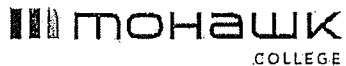
**Re: Hamilton Pan Am Velodrome Facility at Mohawk College**

The City of Hamilton, TO2015, Infrastructure Ontario and Mohawk College staff continue to work diligently to explore the possibility of locating the new Hamilton Pan Am Velodrome facility at Mohawk College's Fennell Campus. As we enter a critical part in the decision making process, we thought that it was appropriate to set out in writing what we believe are the winning conditions that need to be in place in order to locate the Velodrome at Mohawk College.

As you know, we have embarked upon the largest physical renewal in our college's history. Our new Learning Exchange and library on Fennell Avenue is an emblem of the ongoing construction and renovations we have planned. As part of this renewal, Mohawk has a pressing need for updated recreational facilities. Our decades old gym and fitness facilities have fallen far behind virtually all other colleges in Ontario.

In principle, we believe that the Velodrome project represents a unique and important opportunity to provide Mohawk students with the facilities they deserve while at the same time accommodating and showcasing this Pan Am venue of





international significance. However, the College must remain true to its fundamental mandate of serving its primary stakeholders – students. Consequently, in determining our ability to host this facility, we need to be satisfied that our students will receive a better facility for the same investment or a comparable facility for less investment. At the end of the day, if we cannot see a compelling case in this regard, we will be unable to proceed with the project.

Our telephone conversation last week regarding facility design was most helpful. We reiterate our view that despite the desire of the cycling organizations for a facility principally dedicated to their use, a well designed multi-use facility aimed at various kinds of athletic options – in addition to track cycling - will better serve the needs of the community and provide for a sustainable operational model in the long run.

Building a multi-purpose athletic facility that is accessible to the average population would be consistent with the tradition of other construction projects undertaken by the 2015 Pan American Games (e.g. Aquatic Facilities at University of Toronto Scarborough Campus). At Mohawk, the result will be a legacy for the City, the Province, and the College which supports our common goal of providing access to quality recreation programs and facilities for residents of the City of Hamilton and our students. We appreciate your willingness to sit down and once again look at design features from this perspective.

In our multi-party discussions, Mohawk College representatives have set out the following requirements related to our participation in the Velodrome facility. They are as follows:

1. Mohawk's recreational and academic programs must be satisfactorily accommodated – we believe this condition has been largely addressed albeit in a way that has not produced the kinds of synergies that are possible;
2. Mohawk's contribution to the project is equal or less than the cost would be in a stand-alone facility;
3. A viable capital financing scheme and funding sources are to be identified for total project costs in a timely manner. In this regard, we note that Mohawk is still not privy to cost estimates nor has it been formally advised of the full extent of funding commitments of each of the parties. We can advise that Mohawk is prepared to contribute \$17 million to this project subject to the conditions set forth in this letter;



4. The displaced College development lands and parking are replaced by providing the surplus ORC/St Joseph's lands on the opposite side of Fennell Avenue and that these costs are included in the project costs;

5. A mutually agreed upon term sheet must be in place with the City setting forth satisfactory arrangements regarding: ownership, control, long term continual operational arrangements, space sharing, funding for operating shortfalls and major maintenance; and

6. The final arrangements are subject to approvals by Mohawk's Board of Governors and the Mohawk Student's Association (MSA) who will be approving a student levy to fund the construction costs of the recreation components of the facility.

Once conditions 1-5 are satisfied, we will provide an undertaking to obtain the requisite approvals from our Board and MSA as outlined in paragraph 6.

We remain enthusiastic about this opportunity although cognizant of the major hurdles that remain. We believe that locating the Velodrome at Mohawk College's Fennell Campus fulfills the City's and TO2015's objective of constructing a legacy, sustainable multi-purpose permanent facility that provides both recreation and high performance sports at one site.

We look forward to working with you to proceed to resolve the outstanding issues related to this project.

Yours truly,

A handwritten signature in black ink, appearing to read "Rob MacIsaac", written over a horizontal line.

Rob MacIsaac  
President

cc. David Livingston, Infrastructure Ontario  
Chris Murray, City of Hamilton

**RESOLUTION OF THE BOARD OF DIRECTORS OF TORONTO ORGANIZING COMMITTEE FOR THE  
2015 PAN AMERICAN AND PARAPAN AMERICAN GAMES (the "Corporation")**

**WHEREAS:**

The Corporation has a mandate from its stakeholders to deliver a significant sport legacy to the Golden Horseshoe Region of southern Ontario as part of its commitment to host the 2015 Pan American and Parapan American Games (the "Games");

An all-season velodrome in the Hamilton region would offer Canada's cycling community as well as the local Hamilton community the opportunity to train and host athletes from around the world in Canada's only internationally-accredited facility;

**IT IS THEREFORE RESOLVED THAT:**

The Corporation accepts the recommendation of the Sport and Sport Legacy Committee of the Board and hereby asserts its commitment to work with its funding partners to construct an all-season velodrome in the Hamilton region to serve as an essential element of the legacy contribution of the Corporation and the Games.

## MEMO

From: Sierra Planning & Management  
Re: Velodrome Financials  
Date: July 25, 2011

### *Scenario 1: Base Case – City Own/Operate*

- a. This scenario includes the café previously intended to be factored in to the project, and retains all revenues from the infield, ancillary spaces which enable a fitness facility, community rentals and the programming (and revenue) from the infield uses.
- b. The City is the operator – you will recall that the original business case also had an option for using a third party facility manager with appropriate fee. In that scenario revenues are more aggressive, primarily from spectator event revenues which are based on a share of ticket revenues. The result is that the more aggressive revenues pay for the cost of facility management fees.
- c. The permanent seating capacity is 2,250 per the building program.
- d. In the present analysis, Scenario 1 revenues are more modest as a result of the City operating the facility – specifically with spectator event revenues being based simply on a rental rate for the duration of the events plus set-up/take-down time.
- e. As discussed, we spoke with Greg Matthews to ascertain more precisely the number and type of spectator events –the result was that with efforts to develop new national and regional events, the facility could generate 20 event days. This scenario (Scenario 1) is based on 16 event days representing a slight discount in the number of events days for purposes of a conservative analysis.
- f. The result is an operating deficit under “normalized” operating conditions of \$43,000 before a capital reserve of \$100,000 – and a deficit of \$143,000 after capital reserve.
- g. The capital reserve should be based on a percentage of original capital costs - In this case around only 0.5% of a 20,000,000 capital cost. This is low and an argument exists for raising it by at least \$100,000. Opposing this however, is the reality that since the facility is in deficit, drawing a capital reserve represents a subsidy in itself as the operating revenues are not there to cover the amount. Notwithstanding, showing a capital reserve is appropriate and if a representative capital reserve of at least 0.5% of capital costs is used, the figure will increase commensurate with larger capital costs. If these costs are say \$40,000,000, the capital reserve would be \$200,000. The resulting deficit would then be \$243,000 per annum.

### *Scenario 2: Base Case Adjusted for Exclusions*

- a) This scenario reflects the move toward a facility with minimal amenities and ancillary space.
- b) As we discussed, the CCA office space, NCCCH Training Lab, change rooms and event lockers are assumed to be retained and potentially located in the basement.
- c) The seating capacity is 2,250 permanent seats.
- d) Exclusions as discussed:



- a. Fitness Centre for use by public/members and operated by City (with revenues accruing to City)
- b. No City programming in the fitness and other ancillary space
- c. No community rental facilities
- d. No café
- e. No pro-shop lease
- e) Revenue from the infield is retained
- f) Revenue from spectator events is maintained as before despite the limited amenities in the building – in reality, facilities built with columns and with minimal amenities can expect to be secondary venues (as opposed to premium venues) for hosting international events which enable the highest level of competition, events of longest duration, and highest spectator attendance.
- g) Revenue from office space lease to cycling organizations is retained per base case
- h) No VIP hosting capacity
- i) There are savings in terms of labour and direct programming costs – in the order of \$170,000. These are derived from the costs of fitness co-ordinators and management of fitness centre, and community rentals (note we assumed originally that the City would operate these spaces as opposed to leasing the space to a private fitness centre)
- j) The resulting deficit is \$84,000 before capital reserve, \$184,000 after capital reserve.

***Scenario 3: Scenario 2 with Infield Revenues Excluded***

- a. As discussed, this scenario is based on the exclusions described in Scenario 2 plus the added exclusion of infield rentals – some \$180,000 per annum.
- b. This scenario assumes that the infield is used by Mohawk College and no revenues from programming this space accrue to the City.
- c. The resulting deficit before capital reserve is \$274,000, \$374,000 after capital reserve.

I trust the above and attached are useful – please do not hesitate to contact me if you have any questions.

**Jonathan Hack**

Director, Sierra Planning & Management

Office: 416.363.4443 ext.20

Mobile: 416.994.4079

Fax: 647.342.8557

Web: [www.sierraplan.com](http://www.sierraplan.com)

City of Hamilton Velodrome Business Plan  
 Financial Feasibility Analysis - PROFORMA TESTING  
 ADJUSTMENT FOR REVISED PROGRAMMING - ILLUSTRATIVE

20 Year Operating Revenue/Cost Projections  
 Excluding Allocation of Pan-American Games Legacy Fund

	Scenario 1	Scenario 2	Scenario 3 Exclusions plus Loss of Infield Revenue
	Base Case	Exclusions	
<i>Escalation (p.a.)</i>	1.00		
<b>Revenue</b>			
Track Cycling Program			
Training -Elite and Development	\$259,700	\$259,700	\$259,700
School and Other Day-Time Use (corporate)	\$83,200	\$83,200	\$83,200
Membership Cycling Access	\$168,000	\$168,000	\$168,000
Club Track Rental	\$88,970	\$88,970	\$88,970
General Public Drop-ins	\$33,500	\$33,500	\$33,500
Instruction Programs	\$51,750	\$51,750	\$51,750
Major Spectator Events	\$36,000	\$36,000	\$36,000
<b>Total Track Cycling Program</b>	<b>\$721,120</b>	<b>\$721,120</b>	<b>\$721,120</b>
In-Field and Other Facility Uses			
In-Field Rentals	\$181,514	\$181,514	\$0
Fitness Centre	\$39,750	\$0	\$0
Spin, Fitness and Other City Programs	\$117,500	\$0	\$0
Meeting Room Rentals	\$30,000	\$0	\$0
<b>Total In-Field and Other Facility Use</b>	<b>\$368,764</b>	<b>\$181,514</b>	<b>\$0</b>
Ancillary Revenues			
Event Concession and Vending Revenue	\$40,806	\$40,806	\$32,489
Pro-Shop Lease	\$10,000	\$0	\$0
Cafe Rental	\$17,500	\$0	\$0
Advertising	\$36,000	\$36,000	\$36,000
Tenant Lease	\$30,000	\$30,000	\$30,000
<b>Total Ancillary Revenues</b>	<b>\$134,306</b>	<b>\$106,806</b>	<b>\$98,489</b>
<b>Total Revenue</b>	<b>\$1,224,190</b>	<b>\$1,009,440</b>	<b>\$819,609</b>
<b>Expenses</b>			
Payroll (Labour)	(\$722,675)	(\$549,007)	(\$549,007)
Utilities	(\$345,425)	(\$345,426)	(\$345,426)
Other Operating Costs	(\$129,000)	(\$129,000)	(\$129,000)
Administration	(\$10,000)	(\$10,000)	(\$10,000)
Bike Rental Maintenance Contract	(\$15,000)	(\$15,000)	(\$15,000)
Repair and Maintenance	(\$55,000)	(\$55,000)	(\$55,000)
Janitorial Contract and Supplies	(\$34,000)	(\$34,000)	(\$34,000)
Grounds Maintenance and Snow Removal	(\$10,000)	(\$10,000)	(\$10,000)
Waste Management	(\$5,000)	(\$5,000)	(\$5,000)
Marketing	(\$20,000)	(\$20,000)	(\$20,000)
Insurance	(\$50,000)	(\$50,000)	(\$50,000)
Realty Taxes	\$0	\$0	\$0
<b>Total Expenses (Excl. Debt and Capital Reserve)</b>	<b>(\$1,267,101)</b>	<b>(\$1,093,433)</b>	<b>(\$1,093,433)</b>
<b>Net Income (NOI) Before Debt and Capital Reserve</b>	<b>(\$42,911)</b>	<b>(\$83,993)</b>	<b>(\$273,824)</b>
<b>Capital Reserve</b>	<b>(\$100,000)</b>	<b>(\$100,000)</b>	<b>(\$100,000)</b>
<b>NOI after Capital Reserve</b>	<b>(\$142,911)</b>	<b>(\$183,993)</b>	<b>(\$373,824)</b>

CM10005(b)  
 Appendix F  
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