



Select a Department or Division

TO: Budget and Corporate Services Committee

SUBJECT: Proposed Aldershot Stadium

Report Number: CSI-03-11

File Number(s): 927-04

Report Date: January 18, 2011

Ward(s) Affected: 1 2 3 4 5 6 All

Date to Committee: January 18th, 2011

Date to Council: January 18th, 2011

Recommendation: That report number CSI-03-11 be received and filed.

Purpose:

- Address goal, action or initiative in strategic plan
 - Establish new or revised policy or service standard
 - Respond to legislation
 - Respond to staff direction
 - Address other area of responsibility
-

Reference to Strategic Plan:

N/A

Background:

This report corresponds to the staff direction that the City Manager report back to the Budget & Corporate Services Committee at the January 18th, 2011 meeting with a report providing:

1. Preliminary analysis of the opportunity.
2. A description of areas that would need to be investigated in order for Council to fully consider a proposed stadium and its implications to the City of Burlington and particularly the Aldershot area.
3. An estimate of staff time and consulting costs to undertake further review.

In light of the recent changes with the City of Hamilton's decision to move forward with a rebuild of the Tiger Cat Stadium at Ivor Wynne, and the proponents failure to formalise a written submission the proponents have effectively withdrawn the proposal.

This report presents staffs preliminary analysis of the proposal. Although work has been completed on parts 2 and 3 of the staff direction in draft, given recent events further resources have not been expended finalizing parts 2 and 3

Discussion:

This preliminary analysis on the proposal was undertaken in order to inform the decision to do further investigation.

Although the economic development of this project would be welcomed, the key area of concern with this project is the financial implications. The impact on a population the size of Burlington at 165,000 is proportionally more significant than any other CFL community.

Risk	Description
1) Loss of Primary tenant through insolvency or move to another community.	<ul style="list-style-type: none"> • In order to receive funding the City is required to be owner of the facility. • Ownership involves risk. • Should the primary tenant for any reason not be able to use the facility the city would have a significant asset with a value in excess of \$140 million with no major revenue producing tenant to offset the cost of ownership and operations. • Ivor Wynne stadium even with a major tenant requires \$1.4 million subsidies. • A rule of thumb for capital maintenance is that a minimum of 2% or \$2.8 million per year will be required. • Together with operation costs the yearly impact could exceed \$5 million. • Although all these figures require verification, it is our opinion that this level of risk, however unlikely is not appropriate for Burlington to assume.
2) The primary tenant is unable to deliver on the zero operation cost promise	<ul style="list-style-type: none"> • Although the Ti-Cats believe the location will provide an opportunity for enhanced revenue generation, despite all parties' best efforts the franchise might not be able to deliver on this commitment. • The City would have the prospect of renegotiating the deal or allowing the Ti-cats to go into receivership. The impact range from zero to amounts quoted above.
3) Capital cost risk	<ul style="list-style-type: none"> • Although the proposed cost to the City is zero, the cost to construct the facility is far from

	<p>certain.</p> <ul style="list-style-type: none"> • Toronto 2015, who ultimately will be responsible for approving the project, is of the view that the quoted capital budget for the project is not sufficient. • As owner, depending on the timing the City may not be in a position to walk away from the project should the Ti-Cats or Paletta not be able to absorb the shortfall. • A 10% swing on a \$140 million project is not minor at \$14 million. • One could expect the proponents to be asking the City to make up the difference should the project experience difficulty.
<p>4) Risk to the City's capital program</p>	<ul style="list-style-type: none"> • At the present time the City is struggling to maintain the asset base already in existence. • As of 2009 only 68% of infrastructure renewal needs are funded over the next 10 years. • Should any of the risks above materialize, the City's ability to renew its existing infrastructure could be compromised

Beyond the noted risks in building and owning the proposed stadium, this report is also to identify what information and outcomes are required to move forward. By identifying key issues, studies and processes that are essential, a more comprehensive understanding of staff and/or consultant time and costs will be provided. In doing our due diligence a draft of information has been compiled in order for staff to have a preliminary analysis of the proposal.

There are numerous issues, studies and processes that will need further investigation. The deadline of February 1st is not within a timeframe to complete all further investigation. With the submission of a proposal; Pan Am is looking for a guarantee that by April 1st, 2012 the site be shovel ready. Of the preliminary areas investigated there are two that heavily impact the timing.

- 1) City of Burlington OPA (Official Plan Amendment) and zoning by-law amendments required. If amendments are made there is potential for them to be subject to appeals with the Ontario Municipal Board. The impact of this could go beyond one year.
- 2) Environmental Impact Assessment; a 3 season report that if started spring 2011 could have the potential to be completed by the Fall 2011, followed by governing body reviews. (see appendix A letter from Conservation Halton)

A compilation of all issues, studies and processes will be kept on file for any further proposal of a Tiger Cat Stadium at the Aldershot site.

If Hamilton will not consider Burlington as a potential site staffs advice is to not undertake any further work on this project. Given recent events in Hamilton it appears there is no interest by the City of Hamilton in a site outside Hamilton's municipal boundary

Strategy/Process

In order to reach our recommendations it was imperative that consultation happened on a variety of levels.

Item	Process
1)	<ul style="list-style-type: none"> • Staff and the Mayor's office have consulted with their respective counterparts at the City of Hamilton <ul style="list-style-type: none"> ○ For initial conversations about the Stadium, and ○ To better understand the budget implications of the Ivor Wynne Stadium
2)	<ul style="list-style-type: none"> • Staff contacted the Pan Am officials, Ian Troop and Bill Senn. <ul style="list-style-type: none"> ○ to confirm details about the deadlines and the associated costs with the proposal ○ 3 areas were identified that must come with the proposal; Location/Land information, Costs understood, and the Legacy.
3)	<ul style="list-style-type: none"> • Proponents Meeting, Tiger Cats and Paletta International Corporation. <ul style="list-style-type: none"> ○ On January 10th, 2011 the Tiger Cats and Paletta provided a draft submission. ○ This submission has not been signed nor finalized. Together with events in Hamilton, the proponents have effectively withdrawn the proposal.

Staff Consultation

Staff has been consulted in all the departments within the Corporate Services Division, Development and Infrastructure Division, Community Services Division, and Corporate Strategic Initiatives.

From this consultation the issues, studies and processes have been drafted, and will be kept on file.

Public Consultation

To date the public has been informed through media releases provided on the City's website.

Options Considered

If Burlington is to be the only municipal partner staffs advice is to not undertake any further work on this project. Based on the foregoing it is the staffs opinion that the City of Burlington not pursue any scenario where the City is sole owner of the facility. In staffs view the project is too large for a community the size of Burlington.

The City of Hamilton has focused on sites within Hamilton for the facility. In staffs view it is possible for Hamilton to be the owner of a site outside its boundaries. Under such a scenario the risks would rest with Hamilton. Alternatively, given the regional nature of the facility, shared ownership with Hamilton in a leadership role and with the City of Burlington as a minority partner, may sufficiently mitigate risks inherent with the project. The Region of Halton is also a potential partner.

If Hamilton will not consider Burlington as a potential site staffs advice is to not undertake any further work on this project.

Financial Matters:

Annual operating costs are outlined above and could potentially exceed \$5 million per year. With the City of Burlington being owner if the Ti-Cats or Paletta were not able to absorb any capital shortfall the city could face a multi- million dollar exposure. Overall the risks associated with being the owner are believed to be too great for this community.

Total Financial Impact

A total financial impact is not clear at this point.

Other Resource Impacts

Staffing resource impacts would be significant to deliver this project. If this project was to move forward the amount of staff directions that could be handled as well as ongoing projects that are currently underway would be impacted. A few of those are, the implementation of Strategic Planning directions, the Pier, Alton Community Centre/Library/ Board of Ed school, Completing stimulus and Rinc projects by extended date (October 31, 2011).

Conclusion:

This report was undertaken in response to a staff direction to undertake a preliminary analysis of the opportunity to locate a stadium in Aldershot. The stadium would be host to the Hamilton Tiger Cats and 2015 Pan Am Games, as an alternate location to options being considered in the City of Hamilton. Since the passing of this staff direction, the City of Hamilton and the Hamilton Tiger Cats have announced a proposal to

