

**To:** COUNCIL

**Meeting Date:** 06/08/2021

**Subject:** Cambridge Sports Park Improvement and Expansion – Potential to purchase Ice Time

**Submitted By:** Yogesh Shah, Deputy City Manager Infrastructure Services

**Prepared By:** Yogesh Shah, Deputy City Manager Infrastructure Services

**Report No.:** 21-191(IFS)

**File No.:** C1102

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## Recommendation(s)

THAT Report 21-191(IFS), re: Cambridge Sports Park Improvement and Expansion– Potential to purchase Ice time be received;

AND THAT Council direct staff to negotiate the terms and conditions of an agreement that allows for the purchase of ice time on two new proposed ice pads at the Cambridge Sports Park in accordance with the parameters outlined in Report 21-191(IFS);

AND FURTHER THAT Council direct staff to prepare the required agreements and bylaw for execution by the Mayor and Clerk, subject to the City Solicitor’s satisfaction, to be presented to Council at a future date for approval.

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## Executive Summary

### Purpose

- The purpose of this report is to seek Council’s direction to negotiate the terms and conditions as outlined in this report with Buckingham Sports Properties Company (Buckingham) for improvements to the existing two ice pads and the expansion of the Cambridge Sports Park to build two new ice pads, and to prepare the required agreements that allow for the purchase of prime, non-prime and summer ice time at the new facility.

### Key Findings

- An extensive stakeholder engagement was completed in 2019 and reported [\(19-178\(CRE\)\)](#) to council on June 4, 2019. The community expressed a desire to have centrally located sports complex in Cambridge.

- On June 18, 2019 Council authorized staff to consider the request by Buckingham, under Section 8.16 of Buckingham's Lease, to expand the existing Cambridge Sports Park Facility on the lands leased by Buckingham from the City, to provide a four (4) pad ice facility, by adding two (2) additional ice pads and improving the existing two (2) ice pads.
- Staff were engaged in ongoing discussions with Buckingham and have prepared mutually acceptable business terms as outlined in this report. Current location of Cambridge Sports park is an ideal location for expansion of existing twin pad arena to a four-pad arena.
- Buckingham will develop a four pad community rink facility by adding two new ice surfaces complete with Rink #1- 400 seats, Rink # 2 -300 seats. The existing two rinks will have 100 seats added to each rink.
- The new complex will consist of the addition of 2 NHL sized ice rinks, 12 new dressing rooms, 2 referee rooms, fully equipped with showers and washrooms facilities. One of the arenas will also be set up to accommodate the requirement of Sledge Hockey.
- The new expanded facility will provide 2000 square feet of secured, accessible, ventilated climate-controlled storage/office space for City /sports user groups.
- This proposal along with expansion of Preston Memorial Auditorium will result in total of 9 ice pads (including three new ice pads) available to the community. These includes an existing twin pad facility at Hespeler Arena, improved and expanded twin pad facility at Preston Memorial Auditorium, an improved and expanded quad pad facility at Cambridge Sports Park and a single pad at the historic Galt Arena Gardens.
- All costs for improvement of the existing twin pad and expansion with an additional twin pad will be financed by Buckingham. Buckingham will be responsible for the operation of the facility and will maintain the facility in a good state of repair at all times.
- The City will guarantee to purchase 2400 hours of prime time, 200 hours non-prime time and 200 hours summer ice hours each year at established rental rates on two new ice pads.
- An opportunity to expand Cambridge Sports park and long-term ice rental agreement, allows residents to benefits from new ice facilities in shortest time period while reducing capital investment costs and minimizing operating budget impacts.

## Financial Implications

- The City will incur an annual cost of \$1,245,000 to purchase ice time which will be subject to annual inflationary adjustments as per the Consumer price Index (CPI).
- In addition, the City will also pay an annual base lease amount of \$150,000 which will be subject to annual inflationary adjustments as per the CPI.
- Based on ice rental revenue projection and potential operational savings due to decommissioning of ice at Duncan Macintosh and Dickson Arena, it is anticipated that a net operating budget impact of \$675,000 with an estimated tax rate impact of 0.71% will be incurred to rent 2,800 hours of ice time (including 2,400 hours prime time 200 hours of non-prime time and 200 hours of summer time ice hours) on two new proposed ice pads at Cambridge Sports Park.
- Buckingham has requested that the City's portion of the development charges and building permit fees be exempt in the amount of approximately \$400,000 and \$200,000 respectively. These charges will be exempt only if the building permit and occupancy permit is obtained as per established schedule.
- Capital costs and operating budget impacts to build and operate a City owned twin pad arena was presented to council on June 4, 2019 and is available as Appendix D of council report [19-178\(CRE\)](#). As reported, the cost to build a City owned twin pad arena was \$26,000,000 to be debt financed with operating budget impacts of 1.8-2.5%.

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## Background

In 2014, the City completed a recreational facilities master plan that recommended the establishment of a large scale multipurpose sport and recreational facility to meet current and future recreational needs.

In 2016, the Council-appointed task force determined, through considerable public input, what components should be included in the final design of the new sports facility.

On May 16, 2016, [Council approved a concept plan](#) for the sports facility which included the following functional programming elements:

- Aquatic complex with a 25 metre – 10 lane pool, a warm water/therapeutic pool and a leisure pool with spectator seating
- Triple gymnasium
- Fitness track

- Multi-purpose rooms and display space
- 4 (four) NHL sized ice pads (design 4 pads, construct 2 pads with spectator seating in one arena pad [phase I] and 2 additional pads at a future date [phase II])

On June 18, 2019, Council approved the location of a recreation complex with a 25m swimming pool, gymnasiums, fitness track and multi-purpose rooms on lands owned by the city in southeast Galt.

In addition, council also provided a staff direction to

- to prepare a project proposal to expand and improve the Preston Memorial Auditorium with an additional ice pad to make it a twin pad facility;
- to consider the request by Buckingham Sports Properties (Buckingham), under Section 8.16 of Buckingham's Lease from the City, to expand the existing Cambridge Sports Park Facility on the lands leased by Buckingham from the City, to provide a four (4) pad ice facility, by adding two (2) additional ice pads and improving the existing two (2) ice pads; and if the City and Buckingham does not agree on terms of expansion request to deliver a four (4) pad ice facility at the Cambridge Sports Park, the city has the option to expand the Hespeler Memorial Arena to a four (4) pad facility or build two (2) ice pads at the Southeast Galt location.

Since June of 2019, staff have made significant progress to implement council direction. These includes

- Completion of Joint use campus feasibility study and concept plan development for Recreation complex, Idea Exchange Location and two elementary schools;
- Commencement of site preparation (Grading and Servicing) for join use campus scheduled to be completed this summer;
- Council approval of capital project for detail design of recreation complex and Idea Exchange location and preparation for retaining the project management firm and the architect;
- Retain architect for improvement and expansion of Preston Memorial Auditorium and stakeholder engagement for detailed design and presentation of detailed concept plans to council for consideration;
- and mutually agreed business terms for improvement and expansion of Cambridge Sports park with Buckingham as outlined in this report.

Buckingham is the current owner and operator of the Cambridge Sports Park facility built on City owned lands leased to Buckingham for 50 years. The current lease is in effect until 2047 with an option for Buckingham to extend the lease up to 5 times in increments of 5 years each.

Buckingham currently operates a twin pad arena, 4 beach volley ball courts, and 3 baseball diamonds at Cambridge Sports Park.

Buckingham provides 840 hours of ice time at no charge to the City each year for the period between September 1 and April 15 pursuant to a long-term lease agreement between Buckingham and the City. The City provides this ice time to various sports groups and collects revenue at the City's published ice rental rates.

City staff and Buckingham have prepared mutually acceptable business terms to improve the existing twin pads and expand the Cambridge Sports Park facility to a four pad facility and staff are now seeking direction to proceed based on those negotiated terms and conditions and prepare an agreement to purchase prime, non-prime and summer time ice on the two new ice pads at Cambridge Sports Park.

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## Analysis

### Strategic Alignment

PLACE: To take care of, celebrate and share the great features in Cambridge that we love and mean the most to us.

Goal #5 - Parks and Recreation

Objective 5.1 Work with the community to provide the right mix of recreational opportunities that meet the needs of a changing and diverse population.

With the expansion of the Cambridge Sports Park facility to a four pad facility, the new four pad arena will offer increased opportunities to host significant events and tournaments and offer additional ice sports to a diverse population. The location close to Hespeler Road and easy access to Highway 401 will create a positive economic impact for Cambridge businesses.

The proposal is consistent with the strategic goals related to creating significant places and promoting economic development as well as contributing to the sport and recreational aspirations of the community.

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## Comments

### Buckingham Sports Properties Company (Buckingham)

- Owns and operates six arenas, including:

- A four pad facility in Toronto (Scotiabank Pond)
  - A recently acquired (December 2019) four pad facility in Montreal
  - Cambridge Sports Park twin pad facility in Cambridge
- Built a 150,000 sq. ft. four pad facility (Scotiabank pond) in 2013 with WGD Architect, and Schilthuis Group of Companies, the proposed architect and contractor for this project
  - Has experience hosting high profile events
  - Owns and operates the Cambridge Sports Park facility on a City Owned land

## **Proposal to improve and expand Cambridge Sports Park**

- Buckingham would improve existing twin pad facility located at Cambridge Sports park and expand the facility with addition of 2 new NHL sized ice pads;
- Provide a safe, clean, accessible, modern ice facility aligning with City of Cambridge Ice requirements;
- Spectator seating of a minimum 400 seats on one new pad and up to 300 seats on a second new pad;
- Improvements to the facility to include spectator seating of 100 seats each existing ice pads;
- The new expanded facility will provide 2000 square feet of secured, accessible, ventilated climate-controlled storage/office space for City /sports user groups;
- Facility design to accommodate sledge hockey on one ice pad.

Buckingham proposal includes the following terms for the City's consideration.

### **Capital and Operating Costs**

All costs for improvement of the existing twin pad and expansion with an additional twin pad will be financed by Buckingham. Buckingham will be responsible for the operation of the facility and will maintain the facility in a good state of repair at all times.

### **Site Development Costs**

Buckingham will be responsible for all site development costs in accordance with the City's Zoning By-law, site plan application process, and associated site development studies as required by various agencies. These costs include but are not limited to providing appropriate parking spaces as per the City's Zoning by-law, appropriate storm water management plans to accommodate the proposed expansion, replanting of trees removed in accordance with the City's Tree By-laws.

## Tournament Use

Buckingham will make all four ice pads available for tournament use as per the City's request. Buckingham and the City will work in good faith to provide additional ice time requested by the City to accommodate tournaments promoted and required by the City.

## Additional Ice Time

Additional ice hours as required by the City will be made available at the established agreed upon rate between Buckingham and the City.

## Service Interruption

The City is to be notified of any disruption to user groups such as, but not limited to, shutdown or major renovations. The City is not to pay any cost for ice time lost due to unscheduled shutdowns / non-availability of ice, unless a mutually agreed alternate ice time is provided to the City.

## Accessibility

Ice rental shall include access to the facility and dressing rooms via ramps/ground level entry and include an elevator between floors. Further, ice rental shall include lobby/space for spectators to congregate before and after games. Construction will meet all AODA requirements.

## Parking

Parking spaces are to be provided as per the City's zoning by-law. Parking is to be provided free of cost to ice users.

## Life Cycle Repairs and Replacement

Buckingham will maintain the facility in a state of good repair. Buckingham will also schedule facility condition assessments through a qualified structural inspection and an inspection report will be provided every five years or sooner as warranted.

## Facility improvement and expansion

Buckingham will develop a four pad community rink facility by adding two new ice surfaces complete with Rink #1- 400 seats, Rink # 2 -300 seats. The existing two rinks will have 100 seats added to each rink.

The new complex will consist of the addition of 2 NHL sized ice rinks, 12 new dressing rooms, 2 referee rooms, fully equipped with showers and washrooms facilities.

The complex will have an arena that will be set up to accommodate the requirements of Sledge Hockey.

The new expanded facility will provide 2000 square feet of secured, accessible, ventilated climate-controlled storage/office space for City /sports user groups.

The project will also include the complete renovation of a new lobby and restaurant/bar.

## Terms

The initial agreement would be for a period of 25 years and may be renewed upon mutually agreed terms before expiry of the initial 25 years term.

## Prime time

The prime-time hours are defined as Monday to Friday 5pm to 10pm and Saturday-Sunday 7am to 9pm during fall/winter season (September 1 to April 15).

## Base Lease Amount

The City would pay \$150,000 in an annual base lease payment to Buckingham starting with the first full calendar year the expanded facility is made available to the City. The annual base lease payment will be subject to annual inflationary adjustments based on CPI index.

Buckingham will provide a minimum of 2000 square feet of secured, accessible, ventilated climate-controlled storage/office space for City /sports user group at no extra cost.

Buckingham will also provide a bookable Board / Meeting room to be used by the City/ Sports user group as required from time to time.

## Ice Time and Rates

As proposed by Buckingham, the City will guarantee to purchase 2400 hours of prime time, 200 hours non-prime time and 200 hours summer ice hours at established rates on two new ice pads. The City will incur an annual-costs of \$1,245,000 to purchase this ice time which will be subject to annual inflationary adjustments as per the Consumer price Index (CPI).

However, Buckingham will put forth its best effort to resell any ice time not used by the City to other users requesting ice time. All revenues from the reselling of City allocated ice time will be reimbursed to the City.

Ice rates are effective from the first year of operation of new twin pad arena and subject to annual inflationary adjustments as per the Consumer Price Index (CPI).

## Ice time (existing agreement)

Per an existing agreement, Buckingham currently provides 840 hours of prime time ice to the City from September 1 – April 15. This agreement will remain in place.



## Development Charges, Building Permit Fees and Property Taxes

The City will refund building permit fees, if the occupancy permit of the proposed expansion is obtained in accordance with a mutually agreed schedule.

Subject to an agreement with Buckingham, the City will designate the addition to the existing facility as a municipal capital facility (MCF) in accordance with the provisions of the Municipal Act, 2001 and the associated regulations for a period of 20 years. Accordingly, the assessed value for the facility will be frozen at the 2021 value and municipal property taxes for the addition will effectively be exempt from the payment of property taxes for that period. Buckingham will only be required to pay taxes on the 2021 assessed value of the existing facility subject to annual tax levy increases.

Upon the expiration of the 20-year MCF agreement, the City proposes to enter into a new MCF agreement on the same terms and conditions for the balance of the lease period with Buckingham for the City owned lands.

Once the facility ceases operating as a MCF, the tax exemption will cease to apply and property taxes will be calculated based on the applicable assessment value for the entire facility at that time as determined by the Municipal Property Assessment Corporation.

The City's portion of the development charges payable by Buckingham will be exempt once the facility is designated as a MCF in accordance with the provisions of the *Municipal Act, 2001* and associated regulations. However, Buckingham will be required to pay the applicable development charges to the Region of Waterloo, Waterloo Region District School Board and Waterloo Catholic District School Board.

## Agreement Consideration

As time is of the essence, the City will prepare the requisite agreement(s) and by-law to reflect the terms and conditions outlined by the parties. The agreement is expected to be finalized by November 1, 2021.

## Facility Design Consideration

The City will have consideration in the final design, but once the final design has been executed, there will be no further construction changes as the building will be designed and built in accordance with the Ontario Building Code.

## Summary (Staff comments)

### City's ice time needs

The most recent needs analysis demonstrate that the City requires 2,400 hours of primetime hours between September 1 and April 15 and up to 400 hours of nonprime/summer ice time. Minimum guaranteed ice hours to be purchased at the

Cambridge Sports Park will meet the City's current requirement for ice as a result of decommissioning the Dickson and Duncan McIntosh arenas.

Currently allocated storage and office space to Cambridge Minor Hockey Association at Dickson and Duncan McIntosh arenas will be available at expanded Cambridge Sports Park for relocation.

Buckingham and the City has experienced difficulties and delays to finalize the proposed business terms as a result of a substantial changes in construction costs since early 2020 due to the Pandemic;

Staff feels that the above items are acceptable as proposed by Buckingham.

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## Existing Policy/By-Law

Staff is requesting Council's direction to continue negotiations with Buckingham to finalize an agreement in accordance with the terms and conditions outlined above.

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## Financial Impact

- Buckingham will pay all capital costs to improve and expand the existing facility to a four pad facility. The City will not be responsible to contribute any cost towards upgrade and expansion of the facility.
- Buckingham will be fully responsible for all operating costs of the facility including maintenance of ice surfaces, change rooms and other facility components and providing ice facilities to the City's recreation services.
- The City will incur an annual cost of \$1,245,000 to purchase ice time which will be subject to annual inflationary adjustments as per the Consumer price Index (CPI).
- In addition, the city will also pay an annual base lease amount of \$150,000 which will be subject to annual inflationary adjustments as per the CPI.
- Based on ice rental revenue projections and potential operational savings due to decommissioning of ice at Duncan Macintosh and Dickson Arena, it is anticipated that the financial impact will be a net operating budget impact of \$675,000 with an estimated tax rate impact of 0.71% to rent up to 2,800 hours of ice time (2,400 hours prime time ice 200 hours non-prime time ice and 200 hours of summer ice time) on two new proposed ice pads at the Cambridge Sports Park.
- The operating budget impact calculation assumes that 80% of the ice available to the City will be rented to the City's ice users at the City's published ice rental rates for all arenas.

- One-time costs of approximately \$600,000 will be incurred for Buckingham's request for the City portion of development charges and building permit fees to be exempt. These charges will be exempt only if the building permit and occupancy permit is obtained as per established schedule.
- Capital costs and operating budget impacts to build and operate a City owned twin pad arena was presented to council on June 4, 2019 and available as Appendix D of council report [19-178\(CRE\)](#). As reported, the cost to build a City owned twin pad arena was \$26,000,000 to be debt financed with operating budget impacts of 1.8-2.5%.

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## Public Input

Early in the process staff held a meeting with Cambridge Minor Hockey Association to understand their future ice needs and expectations with respect to the expansion to new twin pad arena.

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## Internal/External Consultation

The City's negotiation team consists of the Deputy City Manager – Infrastructure Services, Deputy City Manager – Community Development, City Solicitor, Chief Financial Officer, and Director of Economic Development. The negotiation team also receives ongoing guidance and support from the City Manager, Deputy City Manager - Corporate Services, and Deputy City Manager – Corporate Enterprise.

Recreation, and Culture (RC) Divisional staff provided current utilization of ice usage at Dickson and Duncan McIntosh Arenas. Staff has also provided detailed facility requirements and future ice needs for a new twin pad arena.

Staff also had discussions with the cities of London, Mississauga and Vaughan to learn from their experience with these types of arrangements.

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## Conclusion

The analysis and recommendations provided as per council report [19-178\(CRE\)](#) considered affordability and sustainability of current and future indoor recreation services. Building a recreation complex with swimming pool, gymnasiums, fitness track and multi-purpose rooms, improving and expanding Preston Memorial Auditorium to a twin pad facility and working with Buckingham to deliver a centrally located four pad ice facility in the city is most cost-effective solution for today, and provides sustainable improvements to the overall indoor recreation facility complement in the future.

Staff is of the opinion that the Buckingham proposal to improve and expand the Cambridge Sports Park is a significant opportunity and provides an affordable option for providing sustainable indoor recreation services. Further discussions with Buckingham

are required to finalize mutually beneficial terms and conditions to prepare an agreement to purchase required ice time at the new and improved Cambridge Sports Park.

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## Signature

### Division Approval

N/A

Reviewed by the CFO

**Name:**

Reviewed by Legal Services

**Title:**

### Departmental Approval



**Name:** Yogesh Shah

**Title:** Deputy City Manager – Infrastructure Services

### City Manager Approval



**Name:** David Calder

**Title:** City Manager

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## Attachments

N/A