



The Corporation of the TOWN OF MILTON

Report to: Mayor G.A. Krantz & Members of Council

From: Jennifer Reynolds, Director, Community Services

Date: December 5, 2011

Report No. COMS-050-11

Subject: Velodrome – Status Report

RECOMMENDATION: THAT COMS-050-11 be received for information;

AND THAT staff be authorized to confirm that the Town of Milton is committed to moving forward as the preferred site for the four season permanent Velodrome location for the Toronto 2015 Pan/Parapan American Games;

AND THAT the Town of Milton is committed to funding the local share required for the project based upon a project cost not to exceed \$40.0M;

AND THAT the Mayor and Clerk not sign the Multi-Party Agreement / Joinder Agreement, the Memorandum of Understanding and / or any other binding agreement until the completion of a business plan and due diligence process that will verify that operating impacts and community use and cycling legacy requirements are satisfactory and meet the financial principle associated with this project;

AND THAT a sole source contract be awarded to Sierra Planning & Management to undertake the business plan and related analysis for a Milton based facility;

AND THAT a capital budget be established to undertake the Business Plan and any other related analysis related to the due diligence assessment in an amount not to exceed \$95,000 to be funded from the Ontario Lottery and Gaming Reserve Fund;

AND THAT staff report back to Milton Council with the results of the business plan and due diligence process and further recommendations related to entering into binding agreements



with Toronto 2015, the Government of Canada and the Government of Ontario related to this project;

AND THAT Staff Report COMS-050-11 be circulated to the Toronto 2015 Pan /Parapan American Games Office, the Honourable Lisa Raitt, Minister of Labour and MP, Halton; the Honourable Bob Chiarelli, Minister of Infrastructure and Transportation; the Honourable Glen Murray, Minister of Training, Colleges and Universities; the Honourable Bal Gosal, Minister of State (Sport); Ted Chudleigh, MPP, Halton; Gary Carr, Chair, Region of Halton and the Milton Velodrome Partnership Group.

REPORT

Background

Council approved COMS-047-11 at their November 21st 2011 Council meeting. At that time, staff noted that they would report back to Council with any new or updated information related to this project, and provide a status report related to the selected site for the permanent four-season Velodrome required for the Toronto 2015 Pan/Parapan American Games. The report noted a number of requirements should Milton be selected as the preferred site, and acknowledged further work to be done to meet stated criteria, particularly to confirm the proposed financing plan that was outlined.

Discussion

Project Description

The proposed velodrome is approximately 112, 980 sq ft. Velodrome track and seating (min. 1500 permanent) are assumed to be a permanent facility, with the option of adding various recreational facilities within the infield of the velodrome, such as a non-standard soccer field, basketball, badminton, tennis and volleyball courts. Change rooms, administrative offices, meeting space, storage and provision for the National Cycling Centre training lab are also required. It is staff understanding that additional, enhanced or different facilities as determined by the host would be subject to review with Infrastructure Ontario, and subject to Town costs. The velodrome track will be to International standard (UCI), 250m cycling track. The proposed location will be on 5 acres of land within the Milton Education Village, as previously identified in COMS-047-11.



Status of Discussions

Staff has actively been pursuing confirmations required by our proposed funding partners in order to meet the principles as outlined for the funding plan in COMS-047-11. During a meeting with representatives of Toronto 2015, it was confirmed that the Milton proposal met their requirements, with the exception of two items;

- confirmation of the Town’s willingness to confirm the 44% local share of the project
- confirmation of the project to meet the cycling legacy needs as envisioned by Toronto 2015

It was further confirmed that the project cost would be capped to a maximum of \$40.0M from the previously stated \$45.0M.

Town staff indicated their need to undertake due diligence related to the operating impacts of the project, and to ensure that they had a Milton specific business case. The steps required to undertake that work were identified in COMS-047-11.

Staff had previously outlined a proposed financial plan for the project to represent the required local share. The fundamental principle of the financial plan has not changed;

“The principle of the financial proposal is based on the concept of a “Partnership Funding Strategy” where capital funding and operational costs minimize incremental impact to the Milton taxpayer.”

Capital Funding Plan - \$40.M project cost (Schedule A)		
Local Share	\$17.6M (44% of \$40.0M)	
Site Servicing / Parking	2.2M	
Total “Host” requirement:	\$19.8M	
Financial Plan – Capital *		
Town of Milton	\$ 3.8M	Note 1
Pledged Donations	\$ 7.0M	Note 2 (Schedule B)
Sponsorship	\$ 2.0M	Note 2 (Schedule B)
MEV Partner	\$ 2.5M	Note 3
Fund Raising Campaign	\$ 3.0M	Note 4 (Schedule C)
In-Kind Capital	\$ 1.5M	Note 5
Total	\$ 19.8M	

*may be subject to minor modification based upon completion of the due diligence period



Note 1:

The Town of Milton contribution of \$3.8M is based upon the amount allocated in the 2013 – 2021 Capital Forecast for future facilities related to the Sherwood Survey Secondary Plan. The specific calculation of \$3.8M is the amount that has been forecasted to provide indoor gymnasiums. As the Velodrome project will include the opportunity for up to 3 full size gymnasiums within the interior of the track, the use of this space for the community can be met through the provision of gyms at this location. Final design details and community access details and final determination of the best community use for the interior space, will be assessed through the completion of business plan and the detailed design process with Infrastructure Ontario. This amount of capital funding will redirect the proposed budget to the Velodrome project, but is not an incremental increase to the Capital Budget forecast. The funding source is identified as Development Charges, Capital provision and Town sourced revenues. It should be noted that in addition to cycling related potential, the velodrome facility has the potential to program for the community in a range of non-cycling sports. The Town would have the opportunity to add to the design of the infield area to be a flexible space to accommodate other paying uses. These could include event space, artificial turf for mini-soccer, field hockey, football, tennis, cricket, badminton, volleyball, basketball etc. It will be important to maintain a degree of flexibility for the space, while ensuring that future community needs are being met which supports the reallocation of the capital budget funds for this purpose. Use of Development Charges as the funding source is predicated on guaranteed community access.

Note 2:

Pledged Donations have been confirmed through a letter of commitment by The Mattamy Group, as outlined in Schedule B in the amount of \$7.0M. Sponsorship (including Naming Rights) have been confirmed through a letter of commitment by The Mattamy Group, as outlined in Schedule B, in the amount of \$2.0M. The Town will need to enter into agreements with respect to affecting these contributions, and will work with Toronto 2015 regarding the Naming Rights provision.

Note 3:

Given the as yet unconfirmed commitment for the Laurier Milton campus to be built on the MEV lands, but with the previous interest and letter of support provided by Laurier University, the contribution for the MEV partner will have to be financed by the Town of Milton. It is recommended that this funding be provided through a reserve fund. Upon



confirmation of a satellite campus at the MEV lands, the Town will seek reimbursement of this contribution recognizing that the Velodrome and its related facilities would provide an inherent benefit to the university campus and student population in conjunction with other recreation facilities that would be developed over time. This is an area of risk for the Corporation; however staff feel that it is a manageable risk given the overall potential long term benefit of this project.

The Town of Milton will need a contingency plan in the event we do not get a timely decision on the participation of Laurier University in relation to this project.

Note 4:

The Fund raising campaign target of \$3.0M is based on a review of the City of Hamilton business plan, and in consideration of the local community and cycling community potential to raise this share. Schedule C includes a letter of support from Tim Hockey, President and CEO of TD Canada Trust outlining support to assist with this fund raising goal. Schedule B includes a personal commitment from Peter Gilgan, President and CEO of Mattamy Homes to support the fundraising efforts for the \$3.0M target. Further analysis related to local interest in the fund raising campaign will be part of the Business Plan.

Note 5:

Staff has been buoyed by the indication of support for several items within the proposed "In Kind" funding line as well as commitments to assist with other areas of the project as the opportunity presented itself. Town staff have also entertained discussions with other potential partners that cannot be disclosed at this time.

1. Milton Hydro – Support for Geothermal project at MEV site (Schedule D)
2. Crozier Engineering – site planning work
3. Legal Firm – considering support for legal services
4. Local Supplier 1 – donation of product
5. Local Supplier 2 – donation of product
6. GreenLife Energy Inc. – partner / solar PV

Discussion with Toronto 2015 will need to confirm the process and expectations related to engaging in-kind services for the project. Given the Design Build approach being taken by Infrastructure Ontario, early confirmation of the need for and type of service or product, quantity and value will have to be determined so that IO can build these local commitments into their contracts for the project undertaking.



Milton Velodrome Partnership Group (MVPG)

Staff has been encouraged with the current level of support from a variety of partners and interested stakeholders related to moving this project forward in Milton.

The underlying premise for participation in this project is predicated on a partnership. The Milton Velodrome Partnership Group includes a number of public and private sector partners, to date, including;

Private Sector –

- The Mattamy Group (Pledged Donations)
- The Mattamy Group (Naming Sponsor)
- Peter Gilgan, President and CEO of The Mattamy Group and the Peter Gilgan Charitable Foundation
- Tim Hockey (CEO, TD / Canada Trust ; and team) (Fund Raising Campaign)
- Milton Energy and Generation Solutions Inc. (District Heating)
- TSAM Investments Inc. (Donation of Land at MEV)
- GreenLife Energy Inc. (Solar PV corporate equity partner)
- Crozier Engineering – Site planning work
- Local Suppliers
- Local Consultants and Legal Counsel

Public Sector –

- Laurier University
- Canadian Cycling Association

Staff will continue to work with many more partners as the project proceeds.

Required Agreements

Toronto 2015 will require that a binding agreement be executed. There is a Multi Party Agreement (MPA) for the Games dated November 5, 2009 which has six original parties; Canada, Ontario, City of Toronto, Canadian Olympic Committee, Canadian Paralympic Committee and the Ontario 2015 Pan Am Games Bid Corporation. The agreement provides for Infrastructure Ontario to be the project manager for the capital projects for the Games, which includes the velodrome and includes the municipal share as 44%. Toronto 2015 has advised that amendments to the MPA are not possible. It also provides that a Facility Agreement will be entered into by the municipality regarding



the contribution, which would be the agreement covering various aspects of the construction of the facility. The Agreement also anticipated a Joinder Agreement to be executed by the Town of Milton in order to be bound by the Multi Party Agreement. There is also a Memorandum of Understanding (MOU) in respect of the Velodrome Facility as part of the project which contemplates three parties: Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (Toronto 2015), Ontario Infrastructure and Lands Corporation (Infrastructure Ontario / IO) and the Town of Milton. The MOU sets forth the roles, relationships, mutual expectations, joint and separate responsibilities and accountability mechanisms of and among the parties. It is the responsibility of the Town of Milton to provide, at the Town's sole cost, a construction ready full remediated site for the Velodrome facility with adequate services to the property line.

Staff recommend that these agreements be reviewed by legal counsel during our period of due diligence.

Planning Approvals for Site

It must also be noted that one of the main conditions of Milton's involvement, outside of the financial aspects already identified, may be the need for provincial support for a Minister's Zoning Order (MZO) that will allow regional servicing to be extended to the Velodrome site, which is currently outside of the Town's designated urban area. As such, the MZO will take precedent from a planning perspective over the current Region of Halton's Official Plan policies, which prevent the extension of water and wastewater servicing to sites outside of an urban settlement area. The Town is continuing its efforts to complete the planning for the area with the initiation for the Secondary Plan process to begin upon approval of the 2012 Capital Budget.

Business Plan

The City of Hamilton engaged Sierra Planning and Management to undertake a site analysis and business plan to assess a variety of operating models for the facility. It is being recommended that the Town of Milton retain Sierra to undertake a Milton based business plan to verify operating assumptions, budget projects and other implications of a Milton based project. Sierra noted that no two Velodrome facilities are comparable and that all rely on some type of subsidy or other legacy fund to assist with break even targets. Toronto 2015 have confirmed that the Velodrome will be the recipient of legacy funding (one of three "Legacy" capital projects for 2015). The allocation of earnings from the Toronto 2015 Legacy funds is subject to the legacy plan to be created by HostCo. It is not anticipated that the Town of Milton will be able to verify the exact contribution from the Legacy Fund to the velodrome in advance of executing binding



agreements, however the business plan will identify the range of contribution expected annually for the operation of the facility.

As noted in COMS-047-11, the following steps will also need to be undertaken during the Business Plan process;

- Initiate discussions with local community based and regional cycling clubs, associations and networks to begin development of a community based cycling program for all ages
- Initiate discussions with local community based and regional cycling clubs, associations and networks to define the extent of a Capital Fund Raising campaign for the Velodrome project
- Initiate discussions with other Milton based community and sport organizations to confirm options for facility needs within and adjacent to the Velodrome, including opportunities to partner
- Initiate discussions with the Milton Chamber of Commerce and other community associations, networks and interested groups to explore economic opportunities and impacts related to the Velodrome project in Milton;
- Commence more detailed discussions with Laurier University to verify facility needs that are complementary to the Velodrome, could be co-located and otherwise shared with the Velodrome, Town of Milton, community groups and University uses

Timelines

Council is aware that Toronto 2015 had originally set the date of November 30, 2011 to enter into a binding agreement for a host related to the Velodrome. We anticipate the business plan / due diligence period to take 4-6 weeks. Every effort will be done to expedite required decisions, focusing on areas of high risk first. Toronto 2015 and Infrastructure Ontario require the binding commitments as soon as possible in order to include the Velodrome in their Design/Build RFP for three short listed teams in order for the closing date of March 31, 2012 to be met. The Velodrome is one of three major facilities included in this process; the York University Track and Field facility and the Hamilton stadium are the other two.

In addition, the Town's 2012 Capital Budget Program, which is to be considered on December 12th and 13th, includes monies for the development and processing of the Milton Education Village Secondary Plan regional and local official plan amendments. The intent of the MEV Secondary Plan, which includes the Velodrome site, is to develop an overall conceptual land use plan that will be used to support Wilfrid Laurier University's bid to the Province of Ontario with respect to the development of a post-



secondary satellite campus. Part of this exercise will also include the development of an overall zoning context and framework within which the Velodrome will be accommodated.

Summary

The opportunity to host the Toronto 2015 Pan/ Parapan American Games Velodrome facility and related training and competitive events leading up to, including and following the Games, is recognized as an honour. The permanent facility will serve as a high performance and community legacy, founded on the principles of supporting high performance and community cycling participation and growth, volunteer development, sport tourism, financial viability, community engagement and diversity.

As Council is aware, the timelines for consideration of this very significant project are very aggressive. Staff have been working to try and satisfy all criteria as identified by Toronto 2015 to be selected as the preferred site, while respecting the needs of the Milton community and direction of Milton Council related to the financial impact.

Relationship to the Strategic Plan

- *work with other levels of government to encourage additional investment in Milton*
- *encourage the development of new partnerships and strategic alliances to encourage community ownership and responsibility*
- *ensure that Federal and Provincial programs that may benefit Milton are considered whenever possible*

Financial Impact

This report will commit the Town of Milton to the local share of 44% based upon an upset of \$40M, and related site costs, as outlined in the Capital Funding plan on page 3, satisfying Council direction that there is no incremental local taxpayer support for the capital funding for the project; however completion of the due diligence and business plan and confirmation of a level of satisfaction related to the ongoing operating impacts will need to be verified prior to Council being asked to authorize the Town to enter into binding agreements.

The business plan review will also identify the required range of contribution needed from the Legacy Fund for this facility to assist with mitigating the ongoing operating costs.



Respectfully submitted,

Jennifer Reynolds
Director, Community Services

If you have any questions on the content of this report: Jennifer Reynolds, 905 878 7252 X
2180

Attachments: Schedule A: Confirmation of revised Project Cost / Toronto 2015
 Schedule B: Letter of Support:
 Schedule C: Letter of Support: Tim Hockey, CEO, TD Canada Trust
 Schedule D: Letter of Support: Milton Hydro Distribution

CAO Approval: _____

December 6, 2011

COMS-050-11 Schedule A

Mario Belvedere
Chief Administrative Officer, Town of Milton
150 Mary Street
Milton, Ontario L9T 6Z5

Re: TO2015 Velodrome Proposal

Dear Mario,

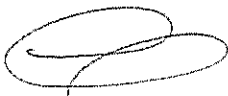
Per our discussion last week and further to our Request for Expression of Interest in hosting the TO2015 permanent, four season velodrome; we are pleased to confirm that we are able to extend the deadline for receipt of a binding agreement from the Town of Milton to December 12, 2011. This extension is granted in order for you to bring forward a positive recommendation to your council through a special council meeting on December 12, 2011.

The current expected cost for the velodrome project is \$40 million, with a cap on the funding the Town of Milton is required to backstop at \$17.6 million. These costs are exclusive of the land and the enabling works, which are the responsibility of the Town of Milton. The funding cap will only increase if significant changes that fall outside of the current projected scope of work are requested and approved by the Town of Milton. As discussed, we will work with Infrastructure Ontario, the Consultants and the Town of Milton in continued efforts to reduce the overall project cost.

TO2015 will work closely with the Town of Milton over the next four to six weeks as the velodrome plan and operating program is finalized to ensure a lasting legacy for the sport of cycling. Section 30.0 of the 2015 Pan/Parapan American Games Multi Party Agreement notes that the velodrome is one of three venues identified to receive ongoing funds to contribute to operating and capital maintenance costs.

We are thrilled with the progress the Town of Milton has made to date, and applaud you as you continue to work diligently through a fast tracked process in order to meet the needs of the 2015 Pan/Parapan American Games.

Yours truly,



Murray Noble
SVP Infrastructure, TO2015

Cc: Ian Troop, TO2015
Roger Garland, TO2015

December 8, 2011



His Worship Gordon Krantz
Mayor of the Town of Milton
150 Mary Street
Milton, ON
L9T 6Z5

Sir,

Re: 2015 Pan American Games Velodrome

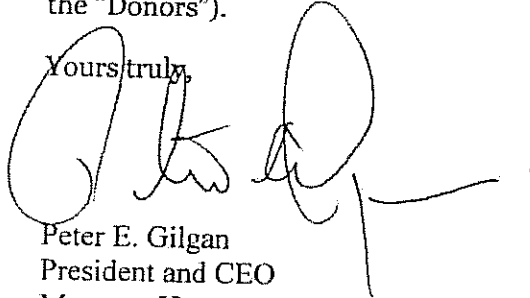
I am writing to you in connection with the prospect of the Town of Milton becoming the site of a velodrome to be constructed in preparation for the 2015 Pan American Games (the "Velodrome"). As you are aware, the Mattamy group of companies (the "Mattamy Group") is committed to promoting active and healthy lifestyles in the Milton community. The prospect of the Town of Milton becoming the site of Canada's first indoor cycling facility presents a tremendous opportunity to further healthy living initiatives and the sport of cycling in Milton. The Town of Milton could become the cycling capital of Canada. To support the Town of Milton in this project, I am prepared to make the following commitments:

1. One or more of the Donors (as defined below) will make, or cause to be made, donations to the Town of Milton in the aggregate amount of \$7 million dollars (the "Pledged Donations") to be applied to the costs of constructing the Velodrome. The Pledged Donations will be paid in four instalments commencing in 2012 immediately following the execution of a formal donation agreement between the Town of Milton and the relevant Donor and continuing over the period of construction of the Velodrome. The Pledged Donations will be subject to the conditions that: (i) the Town of Milton agree that the Velodrome be used primarily for indoor track cycling following the conclusion of the 2015 Pan American Games, and (ii) the governing body responsible for the post-2015 management of the Velodrome include meaningful representation by members of Ontario's cycling community.
2. I will commit my personal support to the Town of Milton's fundraising efforts to raise a further \$3 million dollars towards the costs of constructing of the Velodrome. To be clear, I am not guaranteeing that I will be successful in raising these funds, but I undertake to use my reasonable best efforts to do so.

3. The Mattamy Group will enter into a sponsorship agreement (the "Sponsorship") with the Town of Milton under which the Mattamy Group will agree to pay \$2 million dollars in equal instalments over a period of 4 years in return for: (i) a grant of exclusive naming rights of the Velodrome to the Mattamy Group; and (ii) a covenant from the Town of Milton that the indoor cycling track facilities will be made available to the Mattamy Group, and certain of its employees and/or guests, for a period of not less than three hours per week at a time of the Mattamy Group's choosing, provided that such time does not interfere with scheduled track cycling competitions.

This letter is being sent to you in my capacity as: President and Chief Executive Officer of each of the companies in the Mattamy Group, Director and President of The Peter Gilgan Charitable Foundation (the "Foundation"), and finally, in my personal capacity as a cycling enthusiast. Each of the foregoing commitments shall be subject to the negotiation of formal agreements between the Town of Milton and the Foundation, one or more members of the Mattamy Group or myself, as applicable (the Foundation, the Mattamy Group and I shall collectively be referred to as the "Donors").

Yours truly,

A handwritten signature in black ink, appearing to read 'Peter E. Gilgan', with a long horizontal flourish extending to the right.

Peter E. Gilgan
President and CEO
Mattamy Homes



Canada Trust

COMS-050-11 Schedule C

Tim Hockey
President and Chief Executive Officer

TD Canada Trust
TD Tower
55 King Street West, 16th Floor
Toronto, Ontario M5K 1A2
T: 416 308 4752 F: 416 308 1450
tim.hockey@td.com

December 7, 2011

Mario Belvedere
Chief Administrative Officer
Town of Milton

Dear Mario,

RE: 2015 Velodrome fund-raising efforts

I hope this letter gives you, Mayor Krantz, and the councillors of Milton comfort that the cycling community of the Greater Toronto Area, will rally behind the fund raising efforts to raise \$3 million dollars for the Milton Pan-Am 2015 Velodrome bid.

We recognize that the establishment of a permanent velodrome in Milton, already a hot-bed of cycling, is a "game-changer" for the sport in Canada. When it became clear recently that the one chance for the establishment of a permanent velodrome in Canada in our lifetimes was slipping away, a small group of us, led by Peter Gilgan of Mattamy homes, rallied to the cause. Mr. Gilgan has already committed a very substantial amount, which includes his own generous donation, as well as millions of dollars from myself and other committed members of the cycling community. This was raised over 4 days, and should give an indication of the level of interest in this endeavour, as well as the financial support for the cause.

I am very confident after talking to other influential leaders of the cycling community in the Greater Toronto Area, that the additional fundraising requirement of \$3 million between now and 2015 is quite achievable. In addition, I will throw personal energy into rallying the cycling community to that end.



Ultimately, we have every opportunity to create a great Velodrome facility in Milton for the sport, the Town, and for Canada.

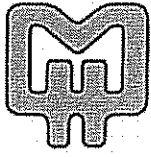
Yours truly,



Copy:

Peter Gilgan, President & CEO, Mattamy Homes
Newton Glassman, Managing Partner, The Catalyst Capital Group Inc
Norbert Frischkorn, Founder & President, Frischkorn Audiovisual
Howard Chang, President, Top Drawer Creative Inc.
TJ Donnelly, President, Square Crop Studios
Craig Campbell, President & CEO, Total Security Management Inc.
Paul Devries, President & CEO, Planet Energy
Tom Bollum, Advisor, Avison Young Commercial Real Estate
Ray Arbesman, Chairman, NUCAP Industries Inc
Kevin Reed, Chairman & CEO, Blue Goose





MILTON ENERGY AND GENERATION SOLUTIONS INC.

8069 Lawson Road, Milton, Ontario L9T 5C4

Telephone (905) 876-4611 • Fax (905) 876-2044

Town of Milton

150 Mary Street

Milton On L9T 6Z5

COMS-050-11 Schedule D

Attn. **Mario Belvedere CAO**

Dear Mario:

This letter of support has been prepared with respect to the commendable application by the Town of Milton to host the velodrome facility for the 2015 Pan/Parapan American Games. The Town has proposed a geothermal district heating solution for the velodrome, which is consistent with the desire for sustainable development. Milton Energy and Generation Solutions Inc. is interested in being the supplier of the district heating solution for the velodrome and adjacent Milton Education Village (MEV) lands on the following basis:

- 1) That negotiations for property within the MEV to build the district heating complex be completed.
- 2) A study being undertaken to verify a bona fide business case.
- 3) The Town confirm that all buildings within the MEV lands are to be connected to central district heating system
- 4) The plan receive the approval of our Board of Directors

We wish the Town success in their pursuit of this Legacy Infrastructure.

Sincerely,

Frank Lasowski, P. Eng, CMA
President and CEO
Milton Energy and Generation Solutions Inc.