



Staff Report to Council

DATE: Monday, August 15, 2022

DEPARTMENT: Administration

SUBJECT: City Centre Park Eagle Ridge Community Centre Mezzanine Construction Proposal

BACKGROUND:

The City owns the property at City Centre Park, including the Eagle Ridge Community Centre and Dry Floor Arena. Performance Plus Hockey is the current operator and manager of City Centre Park under contract number CON18-0070, expiring in September 2025.

It has been the intention of the City to complete the mezzanine level with community rooms and work-out areas throughout the original construction of the Eagle Ridge Community Centre in 2005. \$500,000.00 was approved for the construction of the Eagle Ridge Centre Mezzanine in the 2022 Parks department capital budget. The City then obtained a quote for construction from Verity Construction, which was revised on February 1, 2022, for a total of \$963,828.80 for the full project.

COMMENTARY:

The operator of City Centre Park has approached the City with a proposal for Performance Plus Hockey to construct the first phase of the Mezzanine. Performance Plus Hockey's proposal is for them to pay the costs of construction for the first phase of the Mezzanine upfront, at an estimated cost of \$400,000.00. In exchange, the City will enter into a contract with Performance Plus Hockey for a term of fifteen years, after which time the management of the mezzanine will be incorporated into the main City Centre Park contract. Under the proposed contract, the City will forego any revenue generated from the rental and leasing of the mezzanine facilities until Performance Plus Hockey's upfront costs are repaid. After repayment of the \$400,000.00, the City and Performance Plus Hockey will split revenue for the remainder of the fifteen-year term, with the City being paid 10% of the rental revenue generated and 60% of the long-term lease revenue generated. It is anticipated that most of the revenue generated will be the rental revenue, of which the City is entitled to 10%.

This proposal is for the first phase of construction. Funding for the second phase will need to be determined at a later date.

FINANCIAL IMPLICATIONS:

The City will not have to pay any upfront costs to construct the rooms on the mezzanine level.

The City will not receive any revenue from the mezzanine until Performance Plus Hockey's costs are recovered. Performance Plus Hockey estimates the net revenue will be approximately \$70,000.00 per year, which equates to just under eight years for these costs to be recovered. After these eight years, the City will receive approximately \$8,000.00 per year from the revenue split for the remaining seven years of the term.

Further funding will be required at a later date to complete the second phase of the mezzanine construction project.

LEGAL IMPLICATIONS:

The term of the proposed contract is fifteen years. The termination clause requires two years notice to terminate the contract early and requires repayment of portions of the construction amounts depending on the number of years left in the term at termination.

OPTIONS:

Option 1

THAT Council enter into a contract with Performance Plus Hockey on the terms attached and authorize the Mayor and CAO to execute the agreement with such minor amendments as may be necessary.

OR Option 2

THAT Council not authorize the contract with Performance Plus Hockey at this time.

SUBMITTED BY: Jordyn Dryden, Acting Manager of Legal Services

Concurrence: Donna Petrie, Senior Manager of Business Development and Events

Concurrence: Will Ying-udomrat, Manager of Legislative Services

Concurrence: Matthew Baldwin, MCIP, RPP, Director of Planning and Subdivision

Concurrence: Michelle Mahovlich, P.Eng, P.Geo, Director of Engineering and Public Works

Concurrence: Michael Dillabaugh, CPA, CA, Director of Finance

Concurrence: Marie Watmough, Acting Director of Corporate Services

Concurrence: Darren Kiedyk, Chief Administrative Officer