



**STAFF REPORT
ACTION REQUIRED**

**Upgrades to BMO Field at Exhibition Place and Allan
Lampport Stadium**

Date:	September 22, 2009
To:	City Council
From:	Deputy City Manager and Chief Financial Officer
Wards:	Wards 6, 14 and 19.
Reference Number:	P:\2009\Internal Services\SP\CC09010SP (AFS#10560)

SUMMARY

Maple Leaf Sports and Entertainment Ltd. (MLSE) has proposed a number of upgrades to the soccer facilities in Toronto. These upgrades and corresponding estimated costs are summarized in Table 1.

Table 1 – Summary of Proposed Soccer Facility Upgrades	
Proposed Upgrade	Estimated Capital Cost (to be borne by MLSE)
Replacement of artificial grass field at BMO Field with natural grass	\$3.5 million
Relocation of the winter bubble from BMO Field to Lampport Stadium	\$1.2 million
Installation of an artificial turf field at Lakeshore Collegiate or equivalent facility in Ward 6	\$0.8 million
Total:	\$5.5 million

These proposed changes are primarily the result of a desire to attract top-level international soccer activity to BMO Field through the installation at that facility of a very high quality natural grass soccer field.

This report describes the proposed physical changes to the various facilities as well as the necessary changes to the financial arrangements between the City, Exhibition Place and MLSE. This report recommends adoption of the proposal as detailed in the attached Letter of Intent (LOI) between MLSE, the City and Exhibition Place.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the Letter of Intent (LOI) between the City of Toronto, The Board of Governors of Exhibition Place (the “Board”), and Maple Leaf Sports and Entertainment Ltd. (“MLSE”) attached as Appendix “A”, and give the authority to enter into the following agreements:
 - (a) Amending Agreements between MLSE, the City and the Board to amend the Management Agreement (between MLSE, the City and the Board with respect to BMO Field) and Team Licence and User Agreement (between MLSE and the Board with respect to BMO Field) substantially on the terms and conditions outlined in Sections A and D of the LOI and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer, the Chief Executive Officer of Exhibition Place and the City Solicitor;
 - (b) A Licence Agreement between MLSE and the City for the upgrade and use of Allan Lamport Stadium substantially on the terms and conditions outlined in Sections B and D of the LOI and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer, the General Manager of Parks, Forestry & Recreation and the City Solicitor;
 - (c) An Agreement between the City, MLSE and TDSB (if required) for the upgrade and use by the City of sports facilities at Lakeshore Collegiate (or such other City or TDSB property located in Ward 6) substantially on the terms and conditions outlined in Sections C and D of the LOI and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer, the General Manager of Parks, Forestry & Recreation and the City Solicitor; and
 - (d) An Agreement between the City, the Province of Ontario and Government of Canada to amend the Contribution Agreement for the Soccer Stadium at Exhibition Place substantially on the terms and conditions outlined in section 8 of the LOI and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer and the City Solicitor.
2. The approval of City Council be expressly subject to receipt of approval from the TDSB (if required), the Province of Ontario and the Government of Canada and in the event that these preconditions are not satisfied and are not waived, the parties to the LOI shall each have a right to terminate the LOI in which event, the parties shall remain responsible for their own costs incurred to the date of termination.
3. Council approve the establishing of an obligatory reserve fund, called the “Allan Lamport Stadium Maintenance Reserve Fund” to provide a source of funding for capital maintenance to the winter bubble and the field turf at Allan Lamport Stadium, with

criteria as outlined in Appendix 'C', and Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the Allan Lamport Stadium Maintenance Reserve Fund to Schedule #14 – State of Good Repair Obligatory Reserve Funds.

4. Council declare the upgraded Allan Lamport Stadium to be a municipal capital facility for the purposes of the municipality and public use pursuant to section 252 of the City of Toronto Act, 2006, and pass a by-law to authorize the entering into of an agreement for the provision of the facility, and request the City Clerk to give notice of the municipal capital facility by-law as required under the City of Toronto Act, 2006.
5. The LOI also be amended as recommended by the Board to provide that:
 - (a) there is no intent that amendments proposed in the LOI will amend or have any effect on the terms and conditions set out in either the Management Agreement or the Team Licence and User Agreement that provide an opportunity to expand the Soccer Stadium (BMO Field) to allow for professional football at the Stadium; and
 - (b) the City may, at its sole option, include in its review under section 5(d) of the LOI the potential use of Allan Lamport Stadium as a site for professional football, subject to satisfying any requirements for continuing community use.
6. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto, and that leave be granted for the introduction of any necessary bills in Council to give effect thereto.

Financial Impact

MLSE has agreed to pay for the capital costs of the proposed upgrades shown in Table 1 above. In addition, MLSE has agreed to a number of changes to the financial and operational arrangements between MLSE and the City/Exhibition Place. These changes are intended to protect Exhibition Place and the City from any additional financial exposure as a result of the proposed upgrades.

The principal operational change will be MLSE's management of winter operations of Lamport Stadium (currently Lamport Stadium is not used in the winter) after the winter bubble is relocated there from BMO Field. MLSE will use the annual net revenues from winter Lamport Stadium operations as follows:

1. First \$112,000 to be redirected to BMO Field budget to make up for winter community use revenues lost as a result of relocating the bubble.
2. Next \$70,000 to be redirected to the Exhibition Place budget to make up for parking revenues lost as a result of the bubble relocation.
3. Remaining net revenues to be split 50/50 between MLSE and the City.

If, in any year, there are insufficient net revenues for No.1 and No. 2 above, MLSE will make up the shortfall from its own funds (therefore, guaranteeing that the above amounts

are made available to the BMO Field and Exhibition Place budgets). MLSE will also pay \$50,000 annually to the City, which will be placed in a reserve fund for the maintenance of the winter bubble and the artificial turf at Lamport Stadium.

MLSE will make a further payment to the BMO Field budget to offset the additional annual cost of maintaining a grass field rather than artificial turf. This payment is estimated to be approximately \$100,000 in 2010.

The foregoing provisions are intended to firstly ensure that the City/Exhibition Place are no worse off financially than under the existing arrangements and secondly to provide the City/Exhibition Place with potentially higher financial returns as a result of the proposed upgrades.

DECISION HISTORY

At its meeting of October 26, 27, 28 and 31, 2005, City Council adopted the recommendations within Report No. 9 of the Policy and Finance Committee. In accordance with the Council authority, Exhibition Place, the City and MLSE entered into agreements for the construction and operation of BMO Field at Exhibition Place.

The Chief Executive Officer for the Board and the General Manager of Parks, Forestry & Recreation submitted a report to the September 11, 2009 meeting of the Board which recommended the adoption of a Letter of Intent between the City, Exhibition Place and MLSE for proposed upgrades to BMO Field and Allan Lamport Stadium. The Board adopted the joint report with the following recommended amendments to the LOI:

- (i) That there is no intent that amendments proposed in the LOI will amend or have any effect on the terms and conditions set out in either the Management Agreement or the Team Licence and User Agreement that provide an opportunity to expand the Soccer Stadium (BMO Field) to allow for professional football at the Stadium; and
- (ii) That section 5(d) of the LOI be revised to include a provision to allow the City to, at its sole option, include in its review the potential use of Allan Lamport Stadium as a site for professional football, subject to satisfying any requirements for continuing community use.

These amendments were proposed at the Board in order to make clear that nothing in the proposed LOI respecting BMO Field would have an adverse effect upon the terms currently permitting the expansion and use of the Soccer Stadium by the Toronto Argonauts, and also to ensure that the City would have flexibility in respect of the future use of Allan Lamport Stadium to allow it to be used for professional football. MLSE has agreed to these amendments to the LOI and they are therefore included as recommendations in this report.

A copy of the report from the Chief Executive Officer for the Board and the General Manager of Parks, Forestry & Recreation report (dated September 11, 2009) is included as Attachment 1 of this report.

ISSUE BACKGROUND

Since the opening of the BMO Field in 2007, attendance at Toronto FC games has exceeded the original projections. In addition, the stadium has been successful in attracting a number of other significant events.

However, major international teams have expressed a strong preference for playing on a natural grass field instead of on the artificial turf field which currently exists at BMO Field. MLSE has indicated that BMO Field could attract a larger number of matches involving these international teams if a high quality natural grass field was installed. According to MLSE, the current artificial turf at BMO Field requires replacement so this is an opportune time to switch to a grass field.

A natural grass field could not, however, be maintained under the current winter bubble so a change to natural grass would require relocation of the bubble to a field with artificial turf. Therefore, MLSE has proposed that the bubble be relocated to Lamport Stadium, where a new artificial Field Turf surface was installed in 2008.

In order to provide for an increase in the availability of soccer facilities for community use, MLSE has also offered to install a new artificial turf field at Lakeshore Collegiate. The proposal to install this field at Lakeshore Collegiate would be contingent on reaching a suitable agreement with the Toronto and District School Board to allow for management of this field by City Parks & Recreation staff for summer soccer use. In the event that a suitable agreement cannot be reached, the proposed sport upgrade would be installed at a Ward 6 community park or TDSB site chosen in consultation with the local Councillor.

As discussed above, MLSE has agreed to fund the capital costs of the proposed changes and upgrades. They have also agreed to revised operational and financial arrangements in order to protect the City/Exhibition Place from any adverse financial impact arising from the proposed changes.

COMMENTS

As detailed in Appendix 'B', the local community has made intensive use of BMO Field (4,895 hours in 2008). The proposed measures should result in improved community access to high-quality soccer facilities. The relocation of the winter bubble to Lamport Stadium will provide for a suitable alternative venue for winter community soccer use and the installation of an artificial turf field at Lakeshore Collegiate (or similar Ward 6 facility) will increase the availability of high-quality facilities for summer community use.

MLSE's contributions towards offsetting additional operating costs at BMO Field, along with the redirection of winter net revenues from Lamport Stadium, should prevent the proposed changes from negatively impacting the net revenues that Exhibition Place currently derives from its 50% share of BMO Field net revenues.

If the installation of a new grass field is successful in attracting major international teams to matches at BMO Field, Exhibition Place will benefit financially through its share of BMO Field net revenues and through additional parking revenues.

The relocation of the winter bubble will result in additional capital maintenance responsibilities for the City. With respect to the future replacement of the Field Turf and the Bubble at Lamport, it is estimated that the existing field Turf (installed in 2008 at Lamport) will have to be replaced in 2016 at a cost of \$500,000 and the bubble (purchased in 2007 for BMO Field) will have to be replaced in 2026 at approximately \$800,000. Accordingly, a guaranteed contribution of \$50,000 annually by MLSE to the Lamport Capital Reserve Fund should result in sufficient funds to pay for 50% of the currently estimated cost of these replacements as they are required.

Municipal Capital Facility

Given the public-private nature of the proposal project, the City Solicitor has advised that it is appropriate that City Council declare the Lamport facility as a municipal capital facility for the purposes of the municipality and public use and pass a by-law to authorize an agreement for the facility and provision of the winter bubble to the Parks, Forestry and Recreation Department of the City of Toronto.

CONTACT

Brenda Patterson
General Manager
Parks, Forestry and Recreation
Tel: 416-392-8182
Fax: 416-392-8565
jpatter2@toronto.ca

Joe Farag
Director
Special Projects
Tel: 416-392-8108
Fax: 416-397-4465
jfarag@toronto.ca

Cam Weldon
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

Attachment 1: Report to the Board of Governors of Exhibition Place on “Upgrades to BMO Field at Exhibition Place and Allan Lamport Stadium”

Appendix ‘A’: Letter of Intent (LOI) between Exhibition Place, the City of Toronto and Maple Leaf Sports and Entertainment Ltd. for “Proposal for Relocation of Bubble to Lamport Stadium/Implementation of Natural Grass Field at Soccer Stadium at Exhibition Place”

Appendix ‘B’: Community Use by Hours on Existing BMO Field Turf and After Renovations to Facilities

Appendix ‘C’: Criteria for Lamport Stadium Maintenance Reserve Fund