

Toronto 2015 Pan American/ParaPan American Games Bid

Date:	January 22, 2009
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

In December 2008 Council endorsed Toronto's participation in the Bid to host the 2015 Pan Am Games in the City and surrounding Greater Golden Horseshoe region and agreed that Toronto would be named as the Bid City. Since then, the Province's Pan Am Games Bid Corporation (BIDCO) has been continuing discussions with municipal officials and other public and private sector entities concerning venues for the range of events associated with the Pan Am Games. This report updates Council on the venues in Toronto that are under consideration. The report identifies the venues that are owned by the City of Toronto and describes the financial implications for the City of any upgrades to facilities that will be needed to bring them up to standards required for the Pan Am Games. The report seeks Council's support for these investments.

The report also recommends Council's support for the development of a new competitive aquatics centre and sports complex at the University of Toronto's Scarborough Campus. This development will provide a post Pan Am Games infrastructure legacy to Torontonians, the University's students and Ontario's competitive athletics community; is consistent with the City's long-term pools strategy and objectives for investments that will benefit youth in priority neighbourhoods; will contribute to city building by helping to connect the Scarborough campus to the rest of the City; and will reinforce the campus as a destination point for Transit City's Scarborough Malvern LRT line. The report proposes a set of principles to frame the City's contribution to the capital cost of the aquatics and sports complex and the post Games ownership and operation of the facility.

This report seeks authority from Council to enter into a Multi-Party Agreement that identifies the 2015 Pan Am Games venue strategy and all commitments, obligations and benefits for contributors to the Toronto regional Pan Am Games (whether through funding or in-kind support). It also seeks authority to enter into a Host City Agreement that provides the formal commitment to accept the award of the Games, and host and deliver them in line with PASO statutes and regulations

RECOMMENDATIONS

The City Manager recommends that City Council:

1. Approve funding a share of the capital cost of upgrading certain City-owned facilities and roads, as identified in the body of this report, to bring them up to standard for use as competition and training venues for the 2015 Pan Am Games, up to a maximum City investment of \$12 million.
2. Support the development, at the University of Toronto Scarborough Campus, of a competitive aquatic centre and a multi-sport field house, in partnership with the University of Toronto, the Province of Ontario, the Government of Canada, the Canadian Centre for Sport Ontario and the Canadian Olympic Committee, according to the following principles:
 - a. The City and the University of Toronto will share equally in funding 44 percent of the capital costs required to build the facilities up to a maximum cap on the City's contribution of \$37.5 million;
 - b. The federal and Provincial Governments will fund the remainder of the capital costs (56 percent) and the Provincial Government will provide a guarantee to fund any capital cost overruns;
 - c. The Organizing Committee for the 2015 Pan Am Games will be responsible for project management, construction and delivery of the facilities;
 - d. Land for development of the facilities will be provided by the City and the University in an "as is" condition for nominal consideration;
 - e. Ownership of the facilities, including beneficial rights associated with ownership, will vest with the City or the City and the University jointly;
 - f. The Canadian Sports Institute Ontario will be a tenant in the facility and will support the operating cost of the facility through rental payments that reflect its proportionate share of facility activities;
 - g. General use agreements will be developed as required to provide access to the general community and to the student community;
 - h. Sufficient funding will be provided from the legacy endowment included in the 2015 Pan Am Games operating budget to offset potential operating deficits during post-Games use of the facilities.

3. Request the Deputy City Manager and Chief Financial Officer to report on the details of the 49.5 million (\$2008) in expenditures, including timing and funding source, as part of the 2010 Capital Budget process.
4. Authorize the City Manager to negotiate, approve and execute, on behalf of the City of Toronto, to the satisfaction of the City Manager and in a form satisfactory to the City Solicitor:
 - a. A Multi-Party Agreement with the Federal Government, Provincial Government, Canadian Olympic Committee (COC), Bid Corporation, other Ontario municipalities, universities and other funding partners, that describes how the parties intend to deliver the Pan American/ParaPan American Games if the Bid is successful, specifies and formalizes the distribution of venues and associated capital works, and sets out and legally binds all of the financial contributors and partners in regard to their capital contributions and benefits; and that such agreement allow for adjustments to the contribution amounts to recognize capital cost inflation; and
 - b. A Host City Agreement with the Organizing Committee, the COC and the Provincial Government, that reflects the commitments in the Multi-Party Agreement, provides the formal commitment to accept the award of the Games, and to host and deliver them in line with Pan American Sports Organization (PASO) statutes and regulations.

Financial Impact

The Federal and Provincial governments have each agreed to fund 35% of the overall net budget for the Games and they have proposed that the municipal and other partners fund the remaining 30%. However, rather than applying the funding from other partners towards 30% of both operating and capital costs, the Federal and Provincial governments have proposed that the other partners direct their contributions entirely towards the cost of capital facilities. Therefore, none of the other partners, including the City of Toronto, will be required to make any financial contribution to the operating costs of the Pan Am Games. Provincial officials have confirmed that these costs will all be borne by the Federal and Provincial governments and other revenues from the operations of the Games. This approach will allow the other partners to apply their contributions towards improvements and additions to their own facilities and it will allow these partners to potentially debt-finance these contributions.

The Province has determined that the other partners must make a 44% contribution towards the capital costs in order for their contribution to be equivalent to 30% of the overall net budget for the Games. The contribution from other partners will be capped, however, at 44% of the forecast capital costs as the Province has agreed to fund any cost over-runs.

Within Toronto, the capital plan for the Games (see Table 1 below) proposes one new facility and several upgrades to existing facilities. The largest proposed expenditure is 170.5 million (\$2008) for a new aquatics/athletics facility on the Scarborough College campus of the University of Toronto. To date, discussions with the University of Toronto have been premised on the City and the University each contributing 22% of the capital cost for this facility. The Federal and Provincial governments would fund the remaining 56% of the capital cost.

The City would have to fund 44% of the cost of the other proposed works which involve upgrades to existing City facilities and infrastructure. Altogether, the City's total contribution towards Pan-Am related capital expenditures, both for the new facility at Scarborough College and for the upgrade projects, will be 49.5 million (\$2008).

It should be noted that this total contribution amount is based on the estimated cost to construct the proposed works in 2008. An adjustment will have to be made to the nominal contribution amount to reflect overall construction cost inflation that occurs between 2008 and the actual construction period for each proposed project.

Table 1 – Summary of City Capital Contributions

Venue	Description	Capital Cost (\$2008 millions)	City Share (%)	Maximum Gross City Contribution (\$2008 millions)
New Aquatics/Athletics Facility at Scarborough College	<ul style="list-style-type: none"> swimming facility multi-sport field house gymnastics facility high-performance training centre 	170.5	22	37.5
Etobicoke Olympium	<ul style="list-style-type: none"> retrofit of swimming facilities 	13.7	44	6.0
Birchmount Park	<ul style="list-style-type: none"> development of new throwing and jumping area 	0.7	44	0.3
Centennial Park	<ul style="list-style-type: none"> resurfacing of existing track development of new throwing and jumping area 	1.1	44	0.5
Cycling Road Route	<ul style="list-style-type: none"> resurfacing of municipal roads on proposed route 	9.2	44	4.0
Nathan Phillips Square	<ul style="list-style-type: none"> preparation for use as festival site 	2.8	44	1.2
Totals:		198.0		49.5

The net capital budget impact will be smaller than the total contribution amount as the revitalization of the Nathan Phillips Square and the resurfacing of 1.8km of the proposed cycling route are already included in the 2009-2018 Capital Plan and Forecast. The net capital budget impact will therefore be 45.9 million (\$2008) as shown in Table 2.

Table 2 - Net Capital Budget Impact (\$2008 millions)	
Gross City Contribution to Pan-Am Capital Budget:	49.5
Less Items Already Funded through 2009-2018 Capital Plan:	
Revitalization of Nathan Phillips Square	2.8
Resurfacing of 1.8km of proposed cycling route	0.8
Net Capital Budget Impact:	45.9

This report recommends that the Deputy City Manager and Chief Financial Officer report on the details of the 49.5 million (\$2008) in expenditures, including timing and funding source, as part of the 2010 Capital Budget process.

In order to protect the other funding partners from new post games operating cost burdens associated with the new facilities, the Province has committed to provide a legacy fund within the Games budget that will offset any operating shortfalls likely to arise. It is, therefore, not anticipated that the proposed works will have material operating budget impacts on the City.

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Equity Statement

The Bid process and hosting of a Pan Am Games provide potential opportunities for youth leadership and training, social inclusion, public transit expansion and community engagement. There is also an opportunity for some legacy projects to be focused in the 13 identified priority neighbourhoods in the City of Toronto.

DECISION HISTORY

At the meeting held December 1 - 3, 2008, City Council endorsed the City of Toronto's participation in the Bid for the 2015 Pan American/ParaPan American Games. Council also agreed that the City of Toronto should be named as the Host City for the Games and authorized the City Manager to negotiate, approve and execute a Bid City Agreement on behalf of the City with the Province of Ontario, Government of Canada, Canadian Olympic Committee and the Bid Corporation to define the roles and responsibilities of each of the parties.

(Executive Committee clause EX26.6, “Toronto 2015 Pan American/ParaPan American Games Bid” <http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16632.pdf>)

The City Manager advised that he would report further in February 2009:

- on aspects of the bid affecting Toronto including a venue plan and analysis of the financial, social, economic and infrastructure implications for the City; and
- to seek a Council mandate for the City of Toronto to enter into a detailed Multi-Party Agreement in June 2009, which will identify a venue strategy and all commitments, obligations and benefits for contributors to a Toronto regional Pan Am Games.

ISSUE BACKGROUND

The Pan Am Games are a multi-sport event, held every four years between competitors from all nations in the Americas. The COC announced its interest in pursuing a Canadian bid for the 2015 Pan Am Games in November 2007 and, in April 2008, decided to support a bid to hold the Games in Toronto and the surrounding greater Golden Horseshoe region. A Toronto region bid will be competing against Lima Peru and Bogota Colombia to host the 2015 Pan Am Games.

In March 2008, Ontario’s Ministry of Health Promotion (MHP) established a Bid Secretariat to develop the foundation and business plan for a Games bid. In October 2008, the Province established a not for profit bid corporation (BIDCO) to assume management of the bid process. The Province of Ontario and the Government of Canada are contributing the necessary funds required for the bid.

The Pan American Sports Organization (PASO) owns the rights to the Pan Am Games and is expected to announce its decision on the successful candidate in late 2009.

COMMENTS

Venue Strategy:

Existing Infrastructure:

Since, the province began gauging interest in developing a Bid for the Pan Am Games in early 2008, the venue strategy has been to provide competition and training facilities that will meet the needs of competitors and spectators during the Games and also be available for ongoing public use following the Games. The strategy aims to be cost effective by using existing facilities “as is” or upgrading them as necessary. To that end, the Province’s BIDCO has been in ongoing discussions with public and private sector venue owners (including municipalities and universities) and with the associations representing different sports to determine the suitability and availability of venues.

The Bid Corporation had not yet released a finalized venue plan at the time of writing this report, but is expected to do so by the end of January. It is expected that the Metro

Toronto Convention Centre, existing facilities at Toronto’s three universities, and major private sector venues, including the Rogers Centre and Air Canada Centre, will be used during the Pan Am Games. The opening and closing ceremonies for the Games are expected to be staged at the Rogers Centre.

The following facilities, owned by the City of Toronto or located at Exhibition Place, have been identified in discussions between the Bid Corporation and City staff as venues for competition, training or ceremonial/cultural activities associated with the Pan Am Games:

- Etobicoke Olympium
- Sunnybrook Park
- Centennial Park
- Birchmount Park
- Direct Energy Centre
- Ricoh Coliseum
- BMO Field
- Automotive Building
- Toronto Island Long Pond
- Nathan Phillips Square

In addition the courses for the triathlon and cycling road races are expected to be in Toronto, beginning and finishing at Exhibition Place.

Upgrades to some of the City-owned facilities will be required to bring them up to the standards for international competition. These improvements are:

Facility	Improvement Required for Pan Am Games
Etobicoke Olympium	Retrofit of existing facility
Birchmount Park	Development of a new throwing and jumping area to accommodate training
Centennial Park	Development of a new throwing and jumping area to accommodate training
Centennial Park	Resurfacing existing track to meet international specification
Various Toronto roads	Re-surfacing of Toronto streets to accommodate a course of up to 20 km. Bid Corporation officials are in discussion with Toronto Transportation staff to develop the most appropriate course

It is understood that Nathan Phillips Square will be used as a “Festival Site” with cultural programming for the duration of the Games. The Council-approved revitalization of the Square is already budgeted and scheduled to be completed by 2012. The use of the Square as a “Festival Site” provides the opportunity to receive a financial contribution to the capital improvement from the Federal and Provincial Governments’ capital budget for the Pan Am Games.

New Infrastructure

While the Bid Corporation's objective is to use existing facilities as venues for the Games, some new infrastructure is required. The Greater Golden Horseshoe region lacks an Olympic standard competitive aquatics facility capable of hosting international competitions. Such a facility must be built for the Pan Am Games.

For several years, officials from Toronto Parks Forestry and Recreation and the University of Toronto have been reviewing the potential to partner on the development of new athletic and aquatic facilities at the university's Scarborough Campus to meet the recreational and healthy lifestyle needs of both students and the broader community. These discussions have been part of a broader city building consideration of how to better integrate the campus into the City. Transit City's Scarborough Malvern LRT line, which will run into the campus, is a factor in the ongoing discussions as is the proximity of the campus to some of the City's Priority Neighbourhoods.

In addition the Canadian Centre for Sport Ontario is interested in using the opportunity presented by the Pan Am Games to develop a Canadian Sport Institute for Ontario (CSIO). The underlying concept of the Sports Institute is the creation of a premier summer sport training facility in Ontario and Canada where athletes from many different sport backgrounds can come together and learn from each other's success. It is a place where state-of-the-art training facilities, research, coaching, clinicians and sportsmanship are blended together to create a unique and supportive athletic environment that allows athletes to focus on training. A similar institute, focusing on winter sports, was developed in Calgary as a legacy of the Olympic Games.

The Pan Am Games Bid and the funding that the federal and provincial governments have committed for capital investments for the Games provide the opportunity to align the objectives of the City of Toronto, University of Toronto and Canadian Centre for Sport Ontario in the development of a new competitive aquatics centre and sports complex at the University of Toronto's Scarborough Campus, that will also house the CSIO.

Discussions between the parties are continuing to ensure that the configuration, ownership and operating models for the complex will be appropriate for community and university use after the Pan Am Games. To move these discussions forward and facilitate planning for the Pan Am Games, it is recommended that Council support the development, at the University of Toronto Scarborough Campus, of a competitive aquatic centre and a multi-sport field house, in partnership with the University of Toronto, the Province of Ontario, the Government of Canada, the Canadian Centre for Sport Ontario and the Canadian Olympic Committee, according to the following principles:

- a. The City and the University of Toronto will share equally in funding 44 percent of the capital costs required to build the facilities up to a maximum cap on the City's contribution of \$37.5 million;

- b. The federal and Provincial Governments will fund the remainder of the capital costs (56 percent) and the Provincial Government will provide a guarantee to fund any capital cost overruns;
- c. The Organizing Committee for the 2015 Pan Am Games will be responsible for project management, construction and delivery of the facilities;
- d. Land for development of the facilities will be provided by the City and the University in an “as is” condition for nominal consideration;
- e. Ownership of the facilities, including beneficial rights associated with ownership, will vest with the City or the City and the University jointly;
- f. The Canadian Sports Institute Ontario will be a tenant in the facility and will support the operating cost of the facility through rental payments that reflect its proportionate share of facility activities;
- g. General use agreements will be developed as required to provide access to the general community and to the student community;
- h. Sufficient funding will be provided from the legacy endowment included in the 2015 Pan Am Games operating budget to offset potential operating deficits during post-Games use of the facilities.

Agreements:

A number of key agreements must be developed during the bid process and in anticipation of being successful in obtaining the Games. The agreements are for specific purposes and each agreement will have different parties involved.

In December 2008, Council authorized the City Manager to negotiate, approve and execute a Bid City Agreement (BCA) on behalf of the City with the Province of Ontario, Government of Canada, Canadian Olympic Committee (COC) and the Bid Corporation to define the roles and responsibilities of each of the parties. The BCA sets out the commitment to apply to the Pan American Sports Organization (PASO), which owns the rights to the Pan American and Para Pan American Games, to host the 2015 Pan Am Games. The agreement authorizes the City of Toronto to represent the COC in bidding for the Games and

In the coming weeks, a Multi-Party Agreement (MPA) must be developed. Signatories will include: Federal Government, Provincial Government, City of Toronto, COC, Bid Corporation, other Ontario municipalities, universities and other funding partners. This Agreement will describe how the parties intend to deliver the Games if the Bid is successful. It will specify and formalize the distribution of venues and associated capital works. The MPA will set out and will legally bind all of the financial contributors and partners in regard to their capital contributions and benefits. The MPA will also confirm the City of Toronto as host city and the province as deficit guarantor. It will include details on the governance model for operationalizing the Games, such as creation of an Organizing Committee.

Traditionally a Host City Agreement (HCA) is signed 30 to 90 days after PASO awards the Games to the successful Bidder. Signatories to this agreement will include the

Organizing Committee, the COC, the City of Toronto (as the Hosting City) and the Province (as deficit guarantor). The HCA reflects the commitments in the MPA. It provides the formal commitment to accept the award of the Games, and host and deliver them in line with PASO statutes and regulations.

The MPA must be in place by the end of June 2009 and the HCA must be developed prior to the award of the Games in the Fall of 2009. Therefore, it is recommended that Council authorize the City Manager to negotiate, approve and execute both of these agreements on behalf of the City, to the satisfaction of the City Manager and in a form satisfactory to the City Solicitor.

Benefits of Hosting the Games:

As discussed in this report, staging the Pan Am Games in Toronto and the surrounding region will require the City to make some capital investments. The City and Torontonians stand, too, to derive significant social, economic and city-building benefits from the Games.

The Province has estimated that hosting the Pan Am/Para Pan Games could add approximately \$2 billion to Ontario's GDP and create about 17,000 jobs. The Pan Am Games would bring 8,000 athletes and team officials to Toronto; the Para Pan Am Games would involve a further 2,000 athletes and team officials. The Games would generate opportunities for 23,000 volunteers across the region. The Province predicts that the Games would attract 250,000 tourists. Toronto, as host city, would be profiled to a large population throughout the Americas.

The Pan Am Games will provide potential legacy opportunities in the areas of youth engagement, youth training and employment, and youth leadership development. One of the most significant opportunities may be the development of a youth training and employment initiative modeled on the approach used in Vancouver in facility development for the 2010 Olympic Games. Including a value based procurement approach in construction contracts for any new construction related to the Pan Am Games would result in significant employment and training opportunities for youth and other employment seeking groups.

There may also be an opportunity to create youth leadership development initiatives through events/forums in advance of and following the Games to engage youth from participating countries in a social leadership dialogue that complements the athletic focus of the Games themselves. There are also expected to be opportunities to showcase youth cultural and artistic achievements through events leading up to and during the Games.

Toronto's participation in the Pan Am Bid helps the City realize some of its objectives related to pools. In 2005, the City of Toronto released a Pool Strategy which indicated that "... the quality and size of indoor pools is by far the greatest barrier to participation

in Toronto...” The report also identified trends and demographic projections that show a substantial need to increase the number of opportunities to support sport training and swim competitions.

By leveraging Federal and Provincial financial commitments to enhance and upgrade the Etobicoke Olympium and to build a new competitive aquatic facility in Scarborough, in partnership with the University of Toronto, the City of Toronto will be supporting community based aquatic clubs and groups and providing training and competition opportunities for Toronto aquatic athletes. These are all objectives of the Pool Strategy.

Finally, a successful bid to host the Games in Toronto and the surrounding region is consistent with the strategic economic development and city building directions set out in the *Agenda for Prosperity – A Prospectus for a Great City*. The opportunity to host the Pan Am Games is also strategically consistent with the research summary and recommendations outlined in *Toronto’s Premier Ranked Tourism Project Results – Making Toronto the Best it can be*, which Council endorsed as a guide for strengthening Toronto’s tourism sector within the context of the *Agenda for Prosperity*.

SIGNATURE

Joseph P. Pennachetti
City Manager