

Title: Municipal Capital Facility – Canada Games Park
Report Number: DF2021-46
Meeting Date: Tuesday, December 07, 2021
Report Prepared: December 1, 2021

RECOMMENDATION(S):

1. THAT Council receive for information purposes Report DF2021-46 encompassing the requirement to designate the non-leased public portions of the Canada Games Park Facility as a Municipal Capital Facility in accordance with the agreed-upon terms of the Consortium and Co-Tenancy Agreement; and
2. THAT the resolution contained herein be endorsed; and
3. THAT Council consider the by-law required, for approval.

REPORT:

Pursuant to CLERKS 70-2021, staff will discuss the contents of this report, based on the designation of the Canada Games Park as a municipal capital facility. Given the current complaints submission to the Ombudsman's Office, the City of Thorold will maintain procedural integrity throughout the complaints process and respond to questions relating to this report only and remain within this jurisdiction. No further questions outside of the jurisdiction and contents of this report will be responded to by staff

Our solicitor will be in attendance to answer any legal questions specifically relating to this report.

Subsection 110(6) of the Municipal Act, 2001, permits the Council of a municipality to exempt from all or part of the taxes levied for municipal and school purposes land or a portion of it on which Municipal Capital Facilities (MCF) used for cultural, recreational or tourist purposes as provided for in Ontario Regulation 603/06, as amended. The effect of an MCF designation is that it renders that portion of the facility exempt from property taxes (City, Regional, School).

The Corporation of the City of Thorold, the Corporation of the City of St. Catharines, the Regional Municipality of Niagara and Brock University have entered into a Consortium and Co-Tenancy Agreement dated May 19, 2021, for the creation of the Canada Games Park, for the use of the citizens of the City of Thorold, the City of St. Catharines, and the Regional Municipality of Niagara;

Article 14 of the Consortium and Co-Tenancy Agreement provides for the passage of a by-law to designate the Canada Games lands as a Municipal Capital Facility (MCF) , to exempt the facility from property taxation for municipal or school purposes

Staff and our solicitor have been successful in negotiating exemptions from the MCF designation.

Those areas of the Canada Summer Games Park which are not included in the Municipal Capital Facility.

1. A Regional Centre for the Canada Sport Institute – Ontario (7,500 square feet);
2. The Brock Centre for Health and Wellbeing (approximately 10,000 square feet);
3. Offices for the Canada Games Host Society and for the Legacy Sport Body, once vacated by the Canada Games Host Society (approximately 3,000 square feet);
4. Any space within the facility that is leased commercially by the facility's operator.

Financial Analysis

At this point, MPAC is not able to provide an estimated Assessment Value for the property. The Assessed Value and Property Tax Class will be determined by MPAC once the facility is complete. Preliminary discussions with MPAC indicate that it “likely” would be treated as Commercial Taxable, but again they qualify their comments with the Assessed Value and Property Tax Class will be determined once the facility is complete.

Accordingly, the numbers below are strictly estimates for indicative purposes only.

Once completed, should MPAC determine that the facility would be Exempt from Taxation, only the Commercially-leased portion would be taxable. In this case, there is no impact from the Municipal Capital Facility designation.

Should MPAC determine that the facility is in fact Commercial taxable, then there would be a portion of the property taxes that would be deemed exempt by virtue of the Municipal Capital Facility designation. Staff have used the Meridian Centre in St Catharines, as adjusted for square footage and cost differences, as a representative property for the calculations. It should be noted that MPAC assessed values for all properties are based on a January 1, 2016 Valuation date.

In reviewing the square footage of the MCF portion vs the Leased portion, we estimate that 14% would be taxable, and 86% would be exempt from property taxes. We estimate additional City tax revenues from the taxable portion in the range of \$65,000 to \$100,000 annually, and we also anticipate that this cost would be built into the leases.

Should the property not have been required to be deemed an MCF, the City would have been responsible to pay 25% of the total taxes, and would have received tax revenue on the City portion of the bill. The net addition would have been estimated to be in the range of \$130,000 to \$194,000.

It should be noted that a recreational facility totally owned and operated by the City would be exempt from property taxes, with any commercially-leased portions being taxable.

Resolution for Approval:

WHEREAS subsection 110(1) of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended, ("Municipal Act, 2001") permits a municipality to enter into Agreements for the provision of Municipal Capital Facilities by any person, including another municipality;

AND WHEREAS Ontario Regulation 603/06 entitled "Municipal and School Capital Facilities Agreements and Tax Exemptions", contains a list of classes of Municipal Capital Facilities for which a municipality may enter into an Agreement under subsection 110(1) of the *Municipal Act* 2001;

AND WHEREAS subsection 110(6) of the *Municipal Act*, 2001, permits the Council of a municipality to exempt from all or part of the taxes levied for municipal and school purposes land or a portion of it on which Municipal Capital Facilities are or will be located;

AND WHEREAS the Corporation of the City of Thorold, the Corporation of the City of St. Catharines, the Regional Municipality of Niagara and Brock University have entered into a Consortium and Co-Tenancy Agreement and a Legacy Lease, both dated May 19, 2021, on lands described in Schedule "A" attached hereto, the "Leased Premises", for the creation of the Canada Games Park, which shall contain, inter alia, a twin pad arena, a quad gymnasium, an outdoor running track with interior grass field, an area for athletics, a beach volleyball facility and an open air bike pavilion for the use of the citizens of the City of Thorold, the City of St. Catharines, and the Regional Municipality of Niagara;

AND WHEREAS those portions of the Leased Premises shown on the plans contained in Schedule "B" attached hereto, save and except those areas described in Schedule "C" attached hereto, are to be used for the provision of a Municipal Capital Facility, for cultural, recreational or tourist purposes as provided for in Ontario Regulation 603/06, as amended;

AND WHEREAS the Consortium and Co-Tenancy Agreement, dated May 19, 2021, Article 14, provides for the passage of a by-law to designate the Canada Games lands as a Municipal Capital Facility, to exempt the facility from property taxation for municipal or school purposes;

NOW THEREFORE be it resolved that it is the intention of this Council that those portions of the Canada Games Park shown on the plans contained in Schedule "B" attached hereto, save and except those areas described in Schedule "C" attached hereto, on the property described in Schedule "A" attached hereto, being the Canada Games Park, is to be used for the purposes of the municipality and are for public use and therefore are deemed to be a Municipal Capital Facility.

BUDGETARY STATUS:

Estimated Potential Additional Tax Revenue \$65,000- \$100,000

STRATEGIC PLAN:

Vibrant, Inclusive Neighbourhoods

CANADIAN CONTENT:

[Click here to enter text.](#)

ATTACHMENTS:

Resolution

PREPARED BY: "original signed" Maria Mauro, Director of Finance

SUBMITTED BY: "original signed" Maria Mauro, Director of Finance

APPROVED BY: "original signed" Manoj Dilwaria, Chief Administrative Officer

RESOLUTION

WHEREAS subsection 110(1) of the *Municipal Act*, 2001, S.O. 2001, c.25, as amended, ("Municipal Act, 2001") permits a municipality to enter into Agreements for the provision of Municipal Capital Facilities by any person, including another municipality;

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AND WHEREAS subsection 110(6) of the *Municipal Act*, 2001, permits the Council of a municipality to exempt from all or part of the taxes levied for municipal and school purposes land or a portion of it on which Municipal Capital Facilities are or will be located;

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AND WHEREAS those portions of the Leased Premises shown on the plans contained in Schedule "B" attached hereto, save and except those areas described in Schedule "C" attached hereto, are to be used for the provision of a Municipal Capital

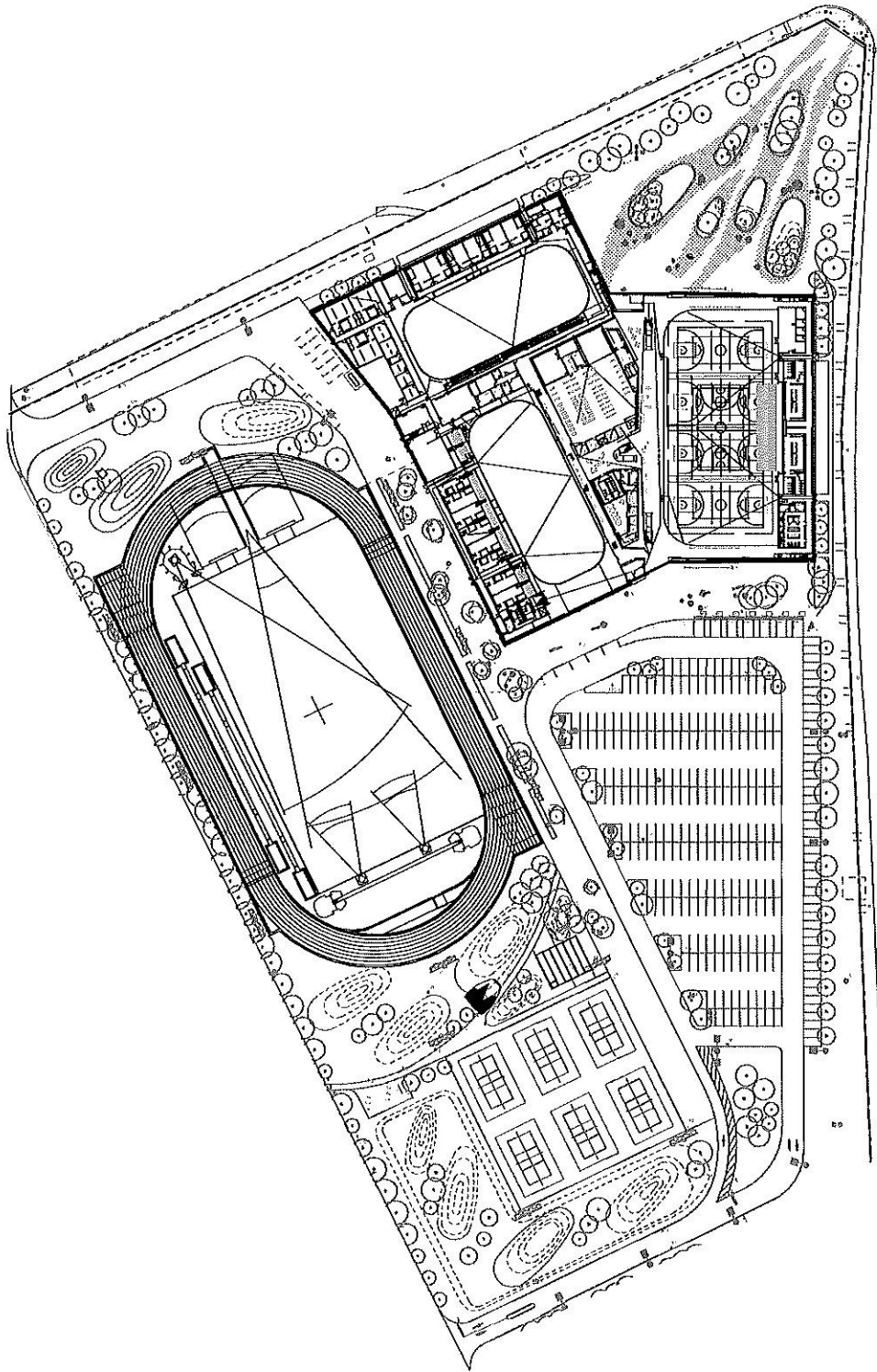
Facility, for cultural, recreational or tourist purposes as provided for in Ontario Regulation 603/06, as amended;

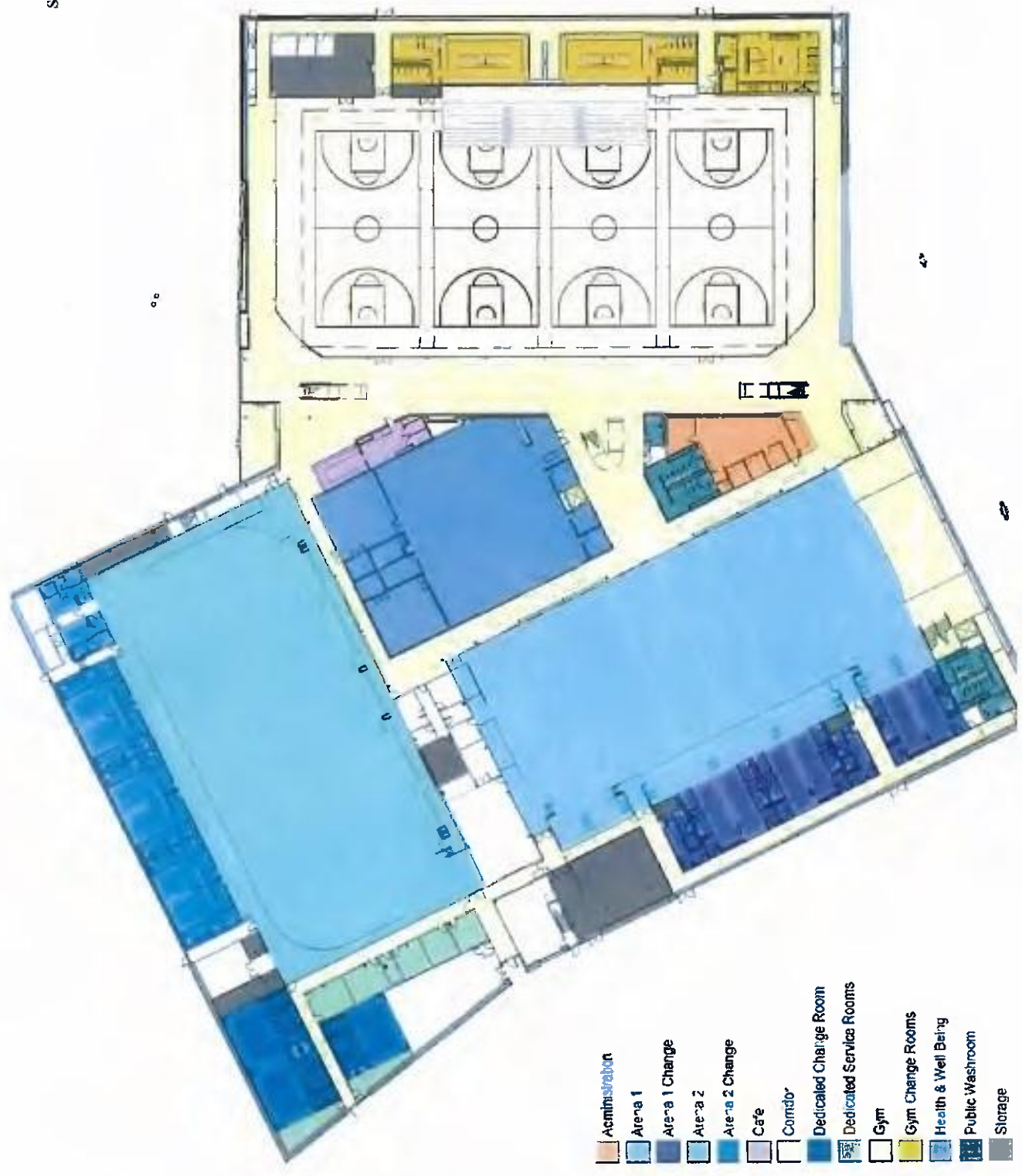
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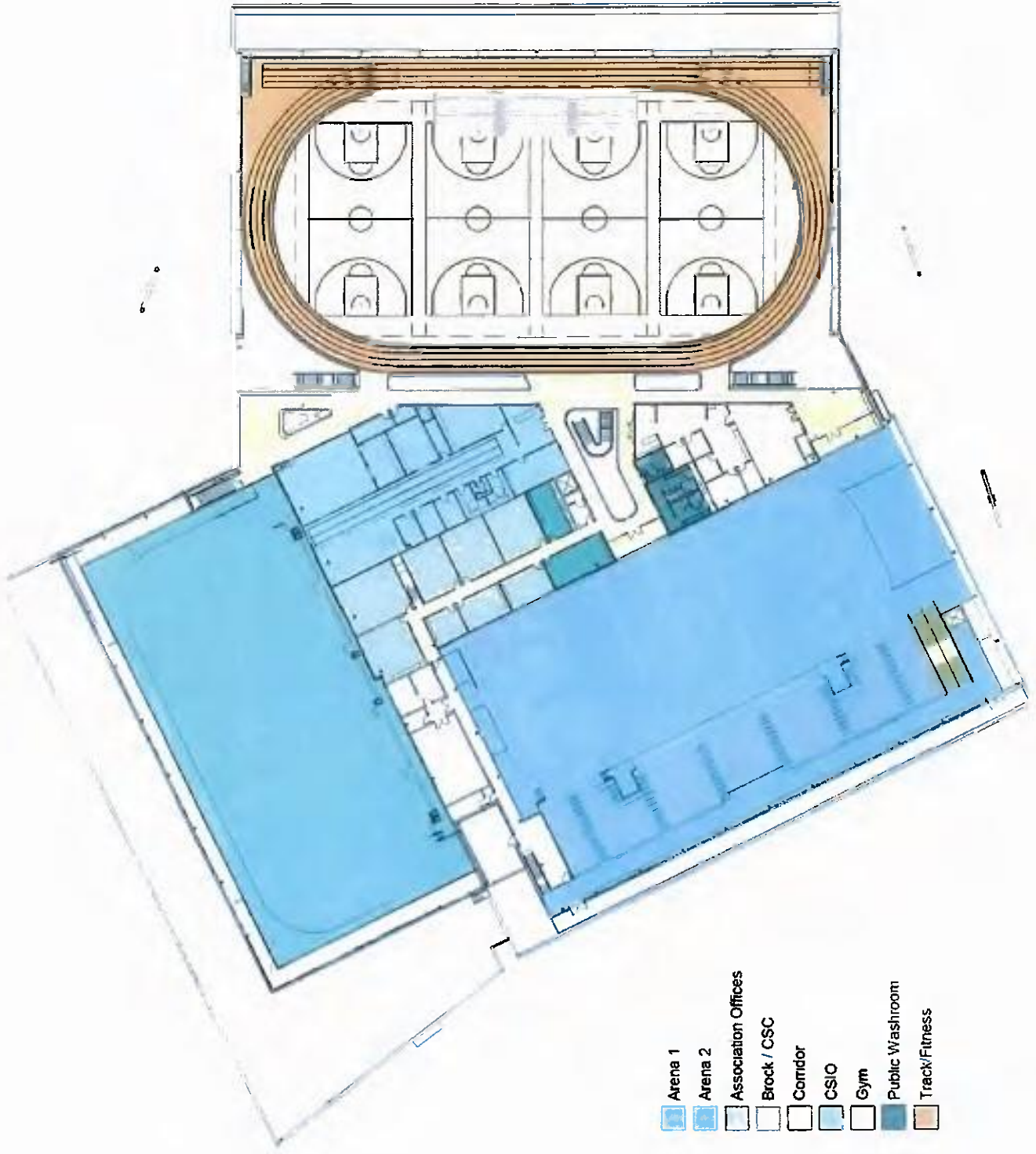
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SCHEDULE "A"

Part 1 on Reference Plan 59R-16723, south of Sir Isaac Brock Boulevard South and west of Merrittville Highway on Brock's main campus.







SCHEDULE "C"

Those areas of the Canada Summer Games Park which are not included in the Municipal Capital Facility.

1. A Regional Centre for the Canada Sport Institute – Ontario (7,500 square feet);
2. The Brock Centre for Health and Wellbeing (approximately 10,000 square feet);
3. Offices for the Canada Games Host Society and for the Legacy Sport Body, once vacated by the Canada Games Host Society (approximately 3,000 square feet);
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