

ADDENDUM
REGULAR MEETING OF CITY COUNCIL
2008 03 31

4:30 P.M.

PART ONE – CONSENT AGENDA

**5. COMMUNICATIONS AND ROUTINE REPORTS OF
CITY DEPARTMENTS; BOARDS AND COMMITTEES**

(v) Quotation for Dinnerware - Steelback Centre

A report of the Manager of Purchasing is attached for the consideration of Council.

Mover - Councillor L. Tridico

Seconder - Councillor L. Turco

Resolved that the report of the Manager of Purchasing dated 2008 03 31 be endorsed and that the quotation for Dinnerware for the Steelback Centre, required by the Community Services Department, be awarded as recommended.

(w) Provincial Funding Announcement

A report of the Commissioner of Engineering and Planning is attached for the consideration of Council.

Mover - Councillor L. Tridico

Seconder - Councillor L. Turco

Resolved that the report of the Commissioner of Engineering and Planning dated 2008 03 31 concerning Provincial Funding Announcement be accepted as information.

PART TWO – REGULAR AGENDA

6. REPORTS OF CITY DEPARTMENTS; BOARDS AND COMMITTEES

6. (2) COMMUNITY SERVICES

(a) Steelback Centre - Private Suites Project - Phase 2 and 3

A report of the Commissioner of Community Services is attached for the consideration of Council.

6. (2)

(a) Mover - Councillor L. Tridico
Second - Councillor L. Turco

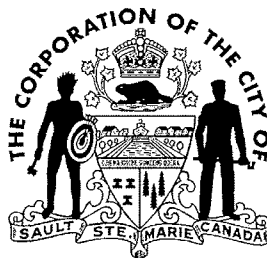
Resolved that the report of the Commissioner of Community Services dated 2008 03 31 concerning Steelback Centre - Private Suites Project - Phase 2 and 3 be accepted as information and further that Council provide any direction that it deems appropriate as a result of this information.

7. **UNFINISHED BUSINESS, NOTICE OF MOTIONS AND RESOLUTIONS
PLACED ON AGENDA BY MEMBERS OF COUNCIL**

(d) Mover - Councillor T. Sheehan
Second - Councillor S. Myers

Resolved that the memo of Councillors Sheehan and Myers dated 2008 03 31 concerning Report on International Event Brainstorm Meeting be accepted as information and further that the request for \$10,000.00 to fund an International Family Fun Celebration which would include a Fireworks Display and Family Skate/Dance event on December 31st annually BE REFERRED to the 2008 Budget Deliberations as a supplementary item.

Ralph Robertson
Manager of Purchasing



Finance Department
Purchasing Division

2008 03 31

Mayor John Rowswell and
Members of City Council,
Civic Centre.

Re: Quotation for Dinnerware – Steelback Centre

Attached hereto for your information and consideration is a summary of the quotations received for Dinnerware, required for the Steelback Centre, to facilitate planned major conventions and banquets.

The quotation was forwarded to all firms on our bidders list and was opened in the Purchasing Office on March 27, 2008.

The quotations received have been thoroughly evaluated and reviewed with Mr. Nick Apostle, Commissioner of Community Services, and Mr. Anthony Disabatino, Food and Beverage Co-ordinator, and the low quoted price, meeting specifications, has been identified on the attached summary.

Funding for this purchase comes from the Revenue Account associated with the money received from the initial sale of seats in the Memorial Gardens and name plaques placed on the new seats in the Steelback Centre. See further funding explanation on the attached report from Mr. Apostle, Commissioner of Community Services.

RECOMMENDATION

It is therefore my recommendation that the quotation to purchase Dinnerware for the Steelback Centre, be awarded to Russell Food Equipment, at their low quoted price, meeting specifications, of \$28,858.28, including taxes.

This report is submitted for Council's approval.

Respectfully submitted,

Ralph Robertson
Manager of Purchasing

Recommended for approval,

W. Freiburger
Commissioner of Finance & Treasurer

RR:nt
Attach.

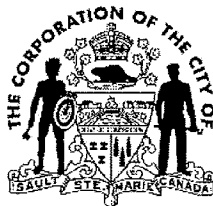
SUMMARY OF QUOTATIONS
Dinnerware - Steelback Centre

<u>Russell Food Equipment</u> Sault Ste. Marie, ON					<u>S.T.O.P Restaurant Supply</u> Sudbury, ON				
<u>Description</u>	<u>Quantity</u>	<u>Per</u>	<u>Unit Price</u>	<u>Total Price</u>	<u>Description</u>	<u>Quantity</u>	<u>Per</u>	<u>Unit Price</u>	<u>Total Price</u>
Corby Hall – Synergy 10 5/8" Plate	1092	Ea.	5.54	6,049.68	Crise - 10 3/8" plate	1,104	Ea.	3.149	3,476.22
Corby Hall – Synergy 6 1/4" Plate	1092	Ea.	1.89	2,063.88	Crise - 6 1/2" plate	1,116	Ea.	0.901	1,005.33
Corby Hall – Synergy 9" Rim Soup Plate	1092	Ea.	4.59	5,012.28	Crise - 9" rim soup	1,116	Ea.	1.901	2,121.33
Corby Hall – Stacking Mug	1092	Ea.	3.37	3,680.04	Crise - 8.5 oz. mug (non stacking)	1,116	Ea.	1.209	1,349.43
Oneida – Thor Dinner Fork	91	Doz.	5.40	491.40	Browne - Dinner Fork	92	Doz.	6.425	591.10
Oneida – Thor Dinner Knife	91	Doz.	9.18	835.38	Browne - Dinner Knife	91	Doz.	11.720	1,066.52
Oneida – Thor Teaspoon	91	Doz.	3.78	343.98	Browne - Teaspoon	92	Doz.	4.380	402.96
Oneida – Thor Dessert Spoon	91	Doz.	5.40	491.40	Browne - Dessert Spoon	92	Doz.	6.425	591.10
Oneida – Thor Salad Fork	91	Doz.	5.71	519.61	Browne - Salad Fork	92	Doz.	6.045	556.14
Libbey – Salt & Pepper	17	Doz.	10.89	185.13	Browne - Salt & Pepper Shakers	17	Doz.	10.080	171.36
Cambro - 60 oz. Water Jug	100	Ea.	4.95	495.00	60 oz. Water Pitcher	108	Ea.	9.000	972.00
Olympic – 18" x 60" x 72" 4-shelf Unit	6	Ea.	154.29	925.74	Joicey - Chrome Starter Kit	6	Ea.	220.070	1,320.42
Cambro – Plate Dolly	5	Ea.	622.70	3,113.50	Cambro - Dish Caddie	5	Ea.	696.930	3,484.65
Cambro – 25 Compartment Glass Rack	43	Ea.	30.96	1,331.28	Volrth 20 Cup Rack	55	Ea.	24.950	1,372.25
Sub-Total				\$25,538.30					\$18,480.81
5% G.S.T.				\$1,276.92					\$924.04
8% P.S.T				\$2,043.06					\$1,478.46
Total Quoted Price				\$28,858.28					\$20,883.32
Remarks - Meets Specifications - meets delivery requirements - includes 3-year warranty against chipping					Does not meet specifications - cannot meet delivery requirement (at least 2 to 3 weeks lead time) - plate quality is of lower grade than brand requested - mugs are not stackable - style differs from requested (narrow rim) - quantities vary because of packaging				

Note: The low quoted price; meeting Specifications; is boxed above.
It is my recommendation that the price quoted by Russel Food Equipment be accepted.

5(v)

NICHOLAS J. APOSTLE
COMMISSIONER COMMUNITY SERVICES



COMMUNITY SERVICES DEPARTMENT
Community Centres Division
Municipal Day Nurseries Division
Recreation & Culture Division

2008 03 28

Memo To: Mr. R. Robertson, Manager, Purchasing Division

Subject: **Steelback Centre – Quotation for Dinnerware**

Further to our review of the quotations, it was reported to City Council on March 17 that the estimated cost was \$25,000.00.

The recommended quotation is for \$28,858.28 including taxes. The amount of the G.S.T., \$1,276.92, is refundable back to the City.

The dinnerware is being funded from revenue received from the initial sale of seats at the Memorial Gardens and the sale of name plaques on the new seats at the Steelback Centre; there is approximately \$34,000.00 in this account. Therefore there is enough money in the account to cover the purchase of the dinnerware as quoted.

As reported to City Council, the remainder of the money (the difference between the \$34,000.00 and the \$28,858.28, less G.S.T.,) will be transferred to the Steelback Capital Account.

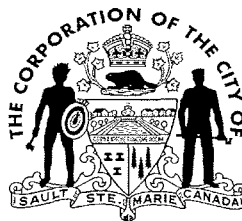
Nicholas J. Apostle
Commissioner Community Services

cc: B. Freiburger, Commissioner of Finance

5(w)

Jerry D. Dolcetti, RPP
Commissioner

Don J. Elliott, P. Eng.
Director of Engineering Services



ENGINEERING & PLANNING DEPARTMENT

Engineering & Construction Division

Tel: (705) 759-5378
Fax: (705) 541-7165

Addendum

2008 03 31

Mayor John Rowswell
Members of City Council

Re: Provincial Funding Announcement

Council will recall at it's meeting of January 28, 2008 approval was given to make application to the Municipal Infrastructure Investment Initiatives in the amount of \$2,950,000 for Phase 2 of the Shannon Road reconstruction.

The March 28, 2008 announcement from the Provincial Government approving the funding along with the earlier announcement as part of the Provincial Government Budget of \$1,465,401, and the connecting link allowance of \$1,143,750, bring a total allowance for Roads and Bridges reconstruction to \$5,559,151. See attached announcement.

This is very welcomed news in that it provides the City flexibility in moving some of its capital budget to begin our #1 major street extension of Third Line from Peoples Road to the new Hospital entrance and phase it over the next several years to be completed at the same time as the new Hospital as approved under our 5-year capital plan. We can also address retrofitting our bridges with permanent repairs immediately.

This report is provided for Council's information.

Respectfully Submitted by,

Jerry D. Dolcetti, RPP
Commissioner
Engineering & Planning Department

F:\ENGINEERING DATA\COUNCIL\Dolcetti\2008\MIII Funding Announcement - 2008 03 31.doc

5(w)

Bianca Berlingieri

From: Grants (Infrastructure Ontario) [grants@infrastructureontario.ca]
Sent: March 28, 2008 12:02 PM
To: j.fratesi (Internet)
Subject: Municipal Infrastructure Investment Initiative (MIII)

Ministry of Public
Infrastructure Renewal
Minister

6th Floor, Meewat Block
900 Bay Street
Toronto ON M7A 1L2
Tel: 416 325-0424
Fax: 416 325-3013
www.ontario.ca/pr

Ministère du Renouvellement
de l'infrastructure publique
Ministre

6^e étage, édifice Meewat
900, rue Bay
Toronto ON M7A 1L2
Tél.: 416 325-0424
Téléc.: 416 325-3013
www.ontario.ca/pr



March 28, 2008

The Corporation of The City of Sault Ste. Marie
PO Box 580, Civic Centre, 99 Foster Drive
Sault Ste. Marie, ON P6A 5N1

RE: Municipal Infrastructure Investment Initiative (MIII)

Dear CAO/Treasurer:

As part of the government's strategic commitment to supporting municipal infrastructure priorities announced in the 2007 Ontario Economic Outlook and Fiscal Review, I am pleased to advise you that The Corporation of The City of Sault Ste. Marie has been authorized to receive a one-time grant of \$2950000 to be used for Shannon Road Reconstruction. The approved funds will be transferred to your bank account by electronic funds transfer during the week of March 31, 2008.

There was a great deal of interest in the Municipal Infrastructure Investment Initiative (MIII). Your application was one of 462 that we received. The total project value of all the applications was more than \$1 billion.

Please note the following reporting and accountability provisions that apply to this grant. These are the same provisions that were included in the terms and conditions that you accepted when you submitted your application for MIII funding.

- Funds may only be used for the purposes described in your MIII application.
- You must submit a report to the Ontario Infrastructure Projects Corporation ("Infrastructure Ontario") describing how the funds were used and how the benefits of the project described in the MIII application have been achieved.
- The report must be submitted no later than March 31st of each year, commencing on March 31, 2009, and terminating March 31st of the year following the completion of the project.
- The report must be signed and certified by, in the case of municipalities, the Treasurer and Mayor, and in the case of Local Services Boards (LSBs), the LSB's Chair and Secretary.
- The Province reserves the right to verify or audit, at the expense of the grant recipient, any information submitted for completeness and accuracy, and to ensure that the funds were used for the purposes intended.
- The Province reserves the right to recover up to the amount of funds provided, if it is determined that the funds provided were not used, or will not be used, for the intended purposes.

To assist you with the reporting back requirement described above, we have prepared a template. The template, along with more detailed instructions on how to complete it, will be posted on Infrastructure Ontario's MIII web site

03/28/08

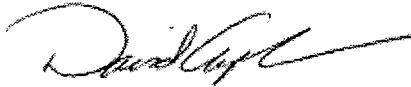
5(w)

during the month of April 2008.

If you wish, my colleagues or I would be pleased to consider participating in any public events that you may be planning with respect to this project, as a demonstration of our support for the Municipal Infrastructure Investment Initiative. Please do not hesitate to contact my office to discuss your request.

I wish The Corporation of The City of Sault Ste. Marie success with your project. I look forward to receiving additional information on how the above grant was used. If you have any questions regarding this matter, please contact the MII help desk at 1-800-230-0937.

Yours sincerely,

A handwritten signature in black ink, appearing to read "David Caplan", with a long horizontal flourish extending to the right.

David Caplan
Minister

\$5.5 Million Combined Funding For Road Infrastructure-Orazietti

5(w)



News Release for SooNews.ca
Friday, March 28, 2008, 12:23PM
Printed from <http://www.soonews.ca/viewarticle.php?id=16520>



The McGuinty government continues to invest in Sault Ste. Marie's infrastructure, committing \$5,559,151 to municipal infrastructure projects throughout the community.

"This funding is another positive step towards delivering on our government's commitment to repair and expand infrastructure in our community" said Orazietti. "Investments in infrastructure stimulate future economic activity and job growth and are part of our government's continuing commitment to support Sault Ste. Marie."

From today's announcement, \$2,950,000 comes from the \$450 million Municipal Infrastructure Investment Initiative, \$1.4 million was announced earlier this week, while the remaining funding is also part of this year's budget. This funding will continue to improve infrastructure across the province for work on water pipes, roads and bridges, sewers and community centers. Construction is expected to create nearly 6,700 new jobs across the province when work begins later this year.

Specific infrastructure projects funded in the McGuinty government's 2008 budget:

- \$2,950,000 for reconstruction of Shannon Road
- \$787,500 for resurfacing Great Northern Road, Hwy 17N from Wigle St. to Fifth Line, 1.4km
- \$356,250 to construct a right turn lane at the intersection of Second Line E and Great Northern Road NE Quadrant
- \$1,465,401 for road and bridge improvement announced Wednesday March 26th

"This is great news for the community as infrastructure funding is vital to maintaining Sault Ste. Marie's roads to keep our residents and economy moving," said Mayor John Rowswell. "Today's announcement exceeds my expectations and is in addition to other provincial government initiatives such as a share of the gas tax, police funding and social service uploading that have reduced the financial burden on our city."

Today's infrastructure funding is part of a larger government commitment to strengthen Ontario communities. Other provincial government initiatives supporting Sault Ste. Marie since 2003 include:

- Uploading Ontario Drug Benefit Plan (ODB) and Ontario Disabilities Support Plan (ODSP)
- 90% funding for construction of new Sault Area Hospital
- \$17 million for road improvements
- \$7.8 million for Donald Doucet Youth Centre
- \$7,387,600 in additional transfer payments through the Ontario Municipal Partnership Fund
- \$5.6 million for Carmen's Way / Truck Traffic Route
- \$4.7 million for Steelback Centre
- \$3.8 million for Gas Tax Program
- \$2.7 million in COMRIF funding for water treatment plant
- Over \$1 million for 8 New City Police Officers hired at full cost to the Province - first time city officers funded by the province
- \$1 million for Waterfront Walkway
- \$706,935 for additional transit funding
- \$178,000 for Fire Service Training - first direct funding in 20 years

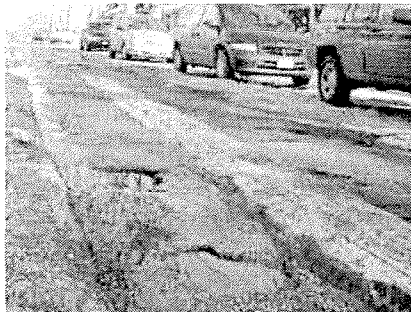
Improving infrastructure is part of Ontario's five point plan to build a stronger economy. The government's Budget also outlined investments in skills and training along with plans to lower business costs, support innovation and strengthen key industry-partnerships.

Orazietti Announces \$1.4M For Road and Bridge Improvements For The Sault

5(w)



News Release for SooNews.ca
Wednesday, March 26, 2008, 11:39AM
Printed from <http://www.soonews.ca/viewarticle.php?id=16486>



Infrastructure funding part of plan to strengthen the economy

Sault Ste. Marie — The McGuinty government will invest \$1,465,401 for repairs to roads and bridges in Sault Ste. Marie, David Orazietti MPP announced today.

"This investment further demonstrates our government's commitment to reduce financial pressures on our city and improve our roads and bridges," said Orazietti. "In addition to today's new infrastructure funding, provincial transfer payments to our municipality have increased by 34% or \$7.3 million over the past five years."

Today's announcement is Sault Ste. Marie's share of \$400 million the McGuinty government is immediately investing in roads and bridges in municipalities outside Toronto, based on their share of Ontario's road network in relation to population

This funding builds on the province's investment of \$450 million in 2007-2008 for the Municipal Infrastructure Investment Initiative, consisting of \$300 million announced in the 2007 Fall Economic Outlook and Fiscal Review and the \$150 million announced at the 2008 OGRA/ROMA Conference

This funding is also in addition to the proposed bill, the Investing in Ontario Act, which would direct a portion of provincial surpluses in excess of \$800 million to municipalities for capital needs.

The 2008 Ontario budget will grow a stronger economy through a five-point plan that includes:

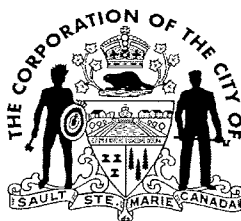
- Infrastructure improvements in every municipality in Ontario, creating 10,000 jobs during construction;
- A new, long-term skills training program for up to 20,000 Ontario workers;
- Lower costs for businesses, by eliminating the capital tax for manufacturers;
- Partnerships with forward-looking businesses to create jobs, through our Next Generation of Jobs Fund;
- Support for research and development, to turn home-grown ideas into Ontario jobs

Today's announcement will help move the Ontario economy forward by improving the infrastructure families and businesses depend on.

5(w)

Jerry D. Dolcetti, RPP
Commissioner

Don J. Elliott, P. Eng.
Director of Engineering Services



ENGINEERING & PLANNING DEPARTMENT

Engineering & Construction Division

Tel: (705) 759-5378
Fax: (705) 541-7165

2008 01 28

Mayor John Rowswell
Members of City Council

Re: Municipal Infrastructure Investment Initiative (MIII)

As a follow up to the attached report prepared by Bill Freiburger, Commissioner of Finance & Treasurer dated 2008 01 14, staff have reviewed the available projects that are construction ready to proceed and have all the required approvals.

Under the requirements of the program the one project that is compliant in all respects, is Phase 2 of the reconstruction of Shannon Road from Margaret to Wellington Street East. This section of Shannon will continue the reconstruction of a major collector that connects several arterial streets thus enabling much needed improved infrastructure to this area's municipal services.

In addition the community will benefit from the construction of the hub trail corridor planned as part of the reconstruction of Shannon Road. The continuance of the non motorized corridor designed for pedestrian use, is a major initiative by the City to enhance opportunities for residents as well as visitors to experience. Upon it's completion, the entire circle route within the city's boundaries will provide connection to major recreational and cultural venues. These improvements are included within the City's 5-year Capital Works Program and will address and improve environmental, health, safety and social benefits. The criteria limits approval to one project and that the request for funding can be at 100%..

The application for funding must be submitted by February 15th 2008 and turnaround approval time from the Province will occur by March 31, 2008.

The engineering design for Phase 2 is complete and the project has cleared all environmental assessment issues. The Project only needs to be tendered. Construction can occur following the awarding of the contract planned for Spring 2008. Projected cost for the construction is \$2,950,000.00.

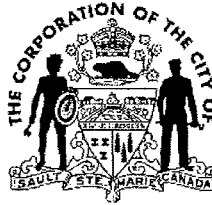
Recommendation: that Council approve the submission of an application to the Municipal Infrastructure Investment Initiative (MIII) in the amount of \$2,950,000.00 for Phase 2 of Shannon Road Reconstruction, and to authorize execution of By-law 2008-22 appearing elsewhere on the agenda.

Respectfully Submitted by,

Jerry D. Dolcetti, RPP
Commissioner
Engineering & Planning Department

F:\ENGINEERING DATA\COUNCIL\Dolcetti\2008\MIII - 2008 01 28.doc

NICHOLAS J. APOSTLE
COMMISSIONER COMMUNITY SERVICES



COMMUNITY SERVICES DEPARTMENT
Community Centres Division
Municipal Day Nurseries Division
Recreation & Culture Division

2008 03 31

Mayor John Rowswell
And Members of City Council

Steelback Centre – Private Suites Project - Phase 2 & 3

At the February 25, 2008 City Council meeting the following resolution was approved:

“Resolved that the reports of the Commissioner of Community Services and the Commissioner of Finance and Treasurer dated 2008 02 25 concerning Steelback Centre – Phase 2 and 3 Suites Project be accepted and the recommendation of the Steelback Centre Working Committee that City Council authorize proceeding to tender for the Steelback Centre Phase 2 and 3 Suites Project as detailed in the reports, be approved.”

Construction of the Phase 2 and 3 suites/seats has always been on the assumption that the cost would be fully recovered from extra seat revenues, without relying on general tax revenues. It had been anticipated that NOHFC and Soo Greyhound participation in financing the project would reduce the City's risk in proceeding. This report is provided at this time to bring to City Council's attention some important recent information, especially in light of concerns which have been expressed by some members of City Council to going to tender based on these assumptions.

Some concern has recently been expressed about the delay in getting this project to tender and that this was therefore costing the City more money. This is not the case. The original timeline provided by the architects is to go to tender within the next two weeks.

Since City Council has openly stated that the project will only go forward if it is self-funding, the following issues are brought to Council's attention prior to going out to tender:

- The Northern Ontario Heritage Fund Corporation has rejected our application for funding.
- At a recent meeting with the Executive of the Soo Greyhounds, the matter of the team's possible participation in the project was discussed. The City's position is that if the team would agree to 75% of the ticket revenue from the new seats going towards the project for the term of the capital payback, then the project has

a better chance of being self funding. Also, the importance of having the Soo Greyhounds championing this project was discussed. The City was advised by the Executive that the Soo Greyhounds were not driving this project, but that they would take these matters to their Board of Directors. We have now been advised that the Board confirms this position and is not prepared to enter into further agreements which provide greater benefit to the City with respect to any future seats/suites which might be built.

The other risks of the project that were stated in the February 25th report are still applicable:

- The funding scenario assumes 100% occupancy of the new seats (321) over 18 years.
- The likely-hood that a portion of this project will be funded by the tax payer.
- An additional risk is the clause in the agreement which gives the Soo Greyhounds Hockey Club the option to terminate the lease. Simply put, if the average attendance is below 2,500 patrons in years 16 through 20 (5 years) and the City does not want to subsidize ticket revenues up to the 2,500 seats per game, then the Soo Greyhounds have the option to terminate the lease. The risk to the Corporation is that the Soo Greyhounds may not be the prime tenant after year 13 (year 15 of the agreement) of the proposed funding plan for the suites, thus jeopardizing the revenue stream that has been identified for the repayment of this capital expenditure.

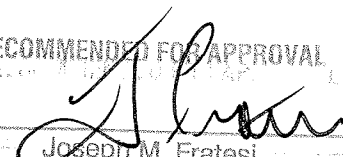
Recommendation

It is recommended that City Council accept this report as information and provide any direction that it deems appropriate as a result of this information.

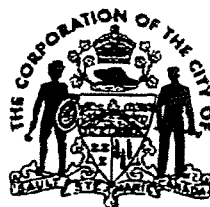
Respectfully submitted,



Nicholas J. Apostle
Commissioner Community Services

RECOMMENDED FOR APPROVAL
By: 
Joseph M. Fratesi
Chief Administrative Officer
City of Sault Ste. Marie

NICHOLAS J. APOSTLE
COMMISSIONER COMMUNITY SERVICES



COMMUNITY SERVICES DEPARTMENT
Community Centres Division
Municipal Day Nurseries Division
Recreation & Culture Division

2008 02 25

Mayor Rowswell
and Members of City Council

STEELBACK CENTRE - PHASE 2 AND 3 – SUITES PROJECT

Background

At the April 16, 2007 meeting, Council received information on this project (report attached) including the following mandate:

"that the cost is to be entirely funded by the lease fees from the private suites and therefore at no cost to the tax payer."

In the Fall of 2007 staff undertook a marketing campaign to determine the interest in the next phases of the private suites. To date 18 deposits have been received. What this means in terms of design is that the entire east side of the expansion would be sold out and we would either potentially have empty suites in the north end or, we would build club seats in the north end and sell them as season tickets but with a lease fee associated with each ticket for each event.

At the November 26, 2007 meeting (report attached), City Council approved the hiring of the architect, EPOH Inc., to update the drawings of the expansion and to provide possible layout options including order of magnitude costs.

In December 2007, the Working Committee toured three facilities in southern Ontario: Oshawa, Guelph, and Brampton. These three facilities are similar in construction to the Steelback Centre. The reason for the tour was to see how these facilities programmed their "suite level". In all three of the facilities toured, the "end zone" was not utilized as a luxury suite area, but rather as a "club seat" program, as well as an area for suite holders to congregate. They also used the area for trade show and convention purposes.

Also in December 2007, an application for funding was submitted to the Northern Ontario Heritage Fund Corporation and this is currently under review.

The architects have completed the working drawings based on the preferred design (attached) which incorporates 18 suites along the east side of the facility, and club seats along the north end. The increase in the capacity of 454 is comprised of:

- Suites – 232 which consists of 154 seats plus 78 stools (not leaseable)
- Club Seats – 222 which consist of 167 seats and 55 standing (not leaseable)
- Total leaseable seats is 321 (154 + 167)

Cost Estimate

EPOH Inc.'s "Class C" cost estimate for this project is between \$3.25 million and \$3.75 million. Included in the estimate are:

- The estimated construction costs for the private suite project
- Professional Fees
- Contingency Fess
- The estimated costs for the additional kitchen space and equipment required to provide food and beverage service to this area.

Funding

The Commissioner of Finance has prepared a report on the funding for this project (report attached). His report has highlighted the financing of the project and the associated risks. Operational revenue, not included in the calculations, is the advertising as per agreements.

The funding report is based on annual suite and club seat leases. The suite leases range from \$1,100.00 per seat to \$1,300.00 per seat. This is in line with what was communicated to all of the suite holders on the waiting list. The present annual suite leases are \$1,060.00 per seat and are increased annually by the amount of the Consumer Price Index. With regards to club seats, a review of other OHL facilities shows that we can assume that \$400.00 per seat can be generated annually (\$10.00 per seat based on 40 events annually).

A logical assumption for the new seats (321) is that in situations where the ticket revenue thresholds (splits) are reached, they will generate up to approximately an additional \$81,000.00. This new revenue could be used to offset project capital costs, however the same risks identified in the Finance Commissioner's report apply here as well.

An application to the Northern Ontario Heritage Fund Corporation has been submitted and is under review. The request is for either a \$1million grant or a combination of a \$500,000.00 grant, along with a \$500,000.00 interest free loan.

In addition to the report from the Commissioner of Finance, the Soo Greyhounds Hockey Club has been approached with regards to the project. The Working Committee and staff have discussed the following with the Club regarding their participation in the project:

- Having all of the ticket revenue from the new seats go to the capital cost of the project. Their position is that they believe that the ticket revenue splits (sharing) in the existing agreement is their way of contributing.
- An additional risk was identified in a clause in the agreement which gives the Club the option to terminate the lease. Simply put, if the average attendance is below 2,500 patrons in years 16 through 20 (5 years) and the City does not want to subsidize ticket revenues up to the 2,500 seats per game, then the Greyhounds have the option to terminate the lease. The risk to the Corporation is that the Soo Greyhounds may not be the prime tenant after year 13 (year 15 of the agreement) of the proposed funding plan for the suites, thus jeopardizing the revenue stream that has been identified for the repayment of this capital expenditure.

The tender for the project can be structured to allow for separate prices on certain components. This will allow for some aspects of the project to be deferred depending on the tendered prices received. The components that are earmarked for separate pricing are the kitchen enhancements and the bar area.

Project Merits

- It is expected that people in the main bowl will be the ones purchasing the suites and club seats thus making more seats in the main bowl available for events, including Soo Greyhounds games.
- There will be an Increase in the multi-use aspect of the facility. Trade shows, conventions, and National/Provincial association/organization meetings will use this space for their programs.
- There will be an increase in tourism that will be a direct benefit to the facility and also to the community, both business and public. This increase will be both from the region and from the USA. Appended is a copy of the report on the "hits" received regionally and globally on the facility's website.
- The Phase 1 private suites have been a huge success and there is a demand from the corporate and business community to have this type of amenity in Sault Ste. Marie.
- The suites and club seats provide a tremendous networking opportunity for businesses and corporations. This is an intangible but very real and beneficial aspect of the project.

- The facility is a regional icon, drawing people from all over the world. No other municipality in Northern Ontario has such a facility as Sault Ste. Marie's Steelback Centre. We strongly believe through our analysis, that we are at least ten years ahead of other municipalities in this regard. In a survey conducted by Municipal staff, local hoteliers reported that each time there was a special event (i.e. concert at the new event centre) they experienced 100 extra room nights.
- Two new restaurants have opened in the immediate vicinity of the new Centre.
- The Soo Greyhounds hockey games are sold out for the 2007-08 season. This is a direct result of the new facility and the enhanced spectator experience.
- There has been a dramatic increase in the number of special events that are being attracted such as concerts, shows, ice shows, and sporting events.
- It has allowed for the submission of bids to host major events and sporting events such as the International Ringette Federation Tournament and Women's National Curling - Scotties Tournament of Hearts.
- We have been able to host Provincial and National championships for various sporting disciplines. The Ontario Provincial Basketball Tournament was held in 2007 and again in 2008 for various age categories. The 2008 National Aboriginal Hockey Championship is being hosted in the new facility as well.
- Conferences are now being attracted to the facility. The provincial H.O.G. Rally was held in August 2007, AMCTO is scheduled for 2009, and we are bidding on the Provincial Royal Canadian Legion Convention 2010.

Project Risks

- The possibility of a cost to the tax payer.
- The funding scenario assumes 100% occupancy of the new seats (321) over 18 years.
- An additional risk is the clause in the agreement which gives the Soo Greyhounds Hockey Club the option to terminate the lease. Simply put, if the average attendance is below 2,500 patrons in years 16 through 20 (5 years) and the City does not want to subsidize ticket revenues up to the 2,500 seats per game, then the Greyhounds have the option to terminate the lease. The risk to the Corporation is that the Soo Greyhounds may not be the prime tenant after year 13 (year 15 of the agreement) of the proposed funding plan for the suites, thus jeopardizing the revenue stream that has been identified for the repayment of this capital expenditure.

Working Committee Review

The Committee has reviewed all of the information in this report including the financial information from the Commissioner of Finance. Although there are risks associated with the project, the Committee believes that the overall and long-term benefits far

outweigh the risks; those benefits being the tourism generated from the project, and the variety of events (concerts, trade shows, conventions, sporting events, shows) for the citizens.

Based on the financial information, the Committee recommends that the project proceed to tender.

Next Steps

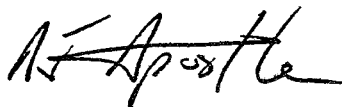
Upon Council approval:

1. The Working Committee and the architect will meet to confirm the exact scope of the project to tender. This will include a value management exercise.
2. A tender will be prepared that identifies pricing for:
 - the base project
 - separate price for kitchen enhancements
 - separate price for bar area
3. After the tenders have closed, a review and report will be brought to Council for their consideration.

Recommendation

The Steelback Centre Working Committee recommends that Council approve the Steelback Centre Phase 2 & 3 Suite Project proceed to tender as outlined in the reports to Council dated February 25, 2008 from the Commissioner Community Services and Commissioner of Finance.

Respectfully submitted,



Nicholas J. Apostle
Commissioner Community Services
On behalf of the Steelback Centre Working Committee

:\Council\Private Suite\Steelback feb 25

attachments: Council Report of April 16, 2007
Council Report of November 26, 2007
Preferred Design
Report from W. Freiburger, Commissioner of Finance
Past and Confirmed Events List
Website Regional and Global "Hits" List

2007 04 16

Mayor John Rowsell and
Members of City Council

STEELBACK CENTRE – PHASE 2 AND 3 SUITES UPDATE

Earlier this year Council passed the following resolution:

“Resolved that the report....concerning Steelback Centre Private Suites- Phase II and III be accepted and the recommendation that Council authorize staff to prepare a Business Plan for two options: construction of Phase II; and construction of Phase II and III of the private suites; and further that the Sports and Entertainment Centre Steering Committee review this matter and report back to Council, be approved”

In addition, the mandate for this project is that the cost is to be entirely funded by the lease fees from the private suites and therefore at no cost to the tax payer.

The Sports and Entertainment Centre Steering Committee, at their last two meetings, have reviewed staff reports regarding the business plan and the next steps for this project. In addition, the architects have met with the Committee to review the process and time line for construction. At the last Committee meeting it was apparent that this project could not go forward this year.

The process to commence construction for this summer became delayed as a result of:

- The time to prepare the business plan including meetings with potential partners.
- The subsequent contacting of the potential suite holders, who are on the waiting list, to establish whether there is an interest at a higher lease rate. It was determined that the new rate may be 30 to 40 percent higher than the one presently in place.
- The estimated time it would take to update the drawings.

The Committee reviewed the next steps for this project and decided that the following needs to take place in order to meet construction for the summer of 2008:

- Determine whether any funding from the senior levels of government is available for this project and apply if funding is possible.
- If funding is approved then proceed with commissioning of construction drawings and then to tender. Proper purchasing procedure to be followed which includes Council approval.
- If funding is not approved then proceed on securing enough suite holder agreements to guarantee that the project can go forward without funding from senior levels of government.

All of which is respectfully submitted as information,

Nicholas J. Apostle
Commissioner Community Services

November 26, 2007

Mayor John Rowsell
and Members of City Council

COPY

STEELBACK CENTRE - PHASE 2 & 3 OF THE PRIVATE SUITES

Background Information

Council passed the following resolution at their October 15, 2007 meeting:

"Resolved that the report of the Commissioner of Community Services dated 2007 10 15 concerning Steelback Centre Private Suites – Phase 2 and 3 be accepted and the recommendation to approve the project in principle subject to the required number of suites being leased that would allow for the capital cost of the project to be paid back from the suite leases, and further, subject to such successful leasing, that staff engage EPOH Inc. to update the existing drawings of Phase 2 and 3 of the luxury suites in order to prepare for tendering at the end of January 2008 to meet a construction schedule of the summer 2008 be approved."

According to the original drawings that were commissioned for initial construction of the facility, Phase 2 consists of 13 suites, while Phase 3 consists of 20 suites.

To date, staff has undertaken the following initiatives in order to secure "reservation forms" which require a \$2,000. deposit:

- Prioritized the waiting list that was compiled from the previous "luxury suite event" that was undertaken to sell the Phase 1 private suites.
- Distributed a media release on the program.
- Did a direct mail and email blast to corporations, businesses, and professionals in Sault Ste. Marie. This was done with the assistance of Lucidia.
- Advertised in the Sault Star and Soo This Week
- Did an email blast to Soo Greyhounds season ticket holders.
- Advertised during Soo Greyhounds home games.

As a result there are:

- 17 confirmed "reservation forms" along with deposits
- 7 corporations/businesses/individuals that are very interested

In approximately one month, staff has managed to secure enough deposits for half of the potential suites project. This translates into several options:

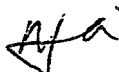
1. Complete Phase 2 of the project only – very costly; not recommended.
2. Attempt to sell all of the suites by way of a "luxury suite sales event". It is estimated that this will cost approximately \$10,000. The Working Committee does not recommend this option.
3. Complete Phase 3 of the project and "shell out" Phase 2 for additional "high-end Club Seating" and lounge area – This is the option with the most potential for assisting in event amenities and accommodating the greatest number of seats. It is the option that the Working Committee would like to explore in more detail.
4. Do not proceed with the project – not recommended at this time.

The Steelback Centre Working Committee has reviewed the information and met with the architect to discuss the various options and possible next steps. The Committee believes that it is in Council's best interest, given the positive response to the limited marketing program, to hire the architect to update the drawings and review options with order of magnitude costing. At the same time, funding from senior levels of government would have to be investigated and applied for. The cost for hiring the architect is approximately \$80,000. and would be part of the project if it were to go forward. If the project does not go forward then the amount could be funded from the Steelback Centre's surcharge account. The Committee also suggests that a quick tour of some facilities with private suite programs would be beneficial in early December.

Recommendation

The Steelback Centre Working Committee recommends that Council approve the hiring of EPOH Inc. to update the drawings for Phase 2 and 3 of the Private Suites, along with providing possible options for the construction of both phases including order of magnitude costing; and further that the estimated cost of \$80,000. for the architect be applied to the project if it goes forward, or that it be funded from the Steelback Centre's seat charge account if it does not go forward.

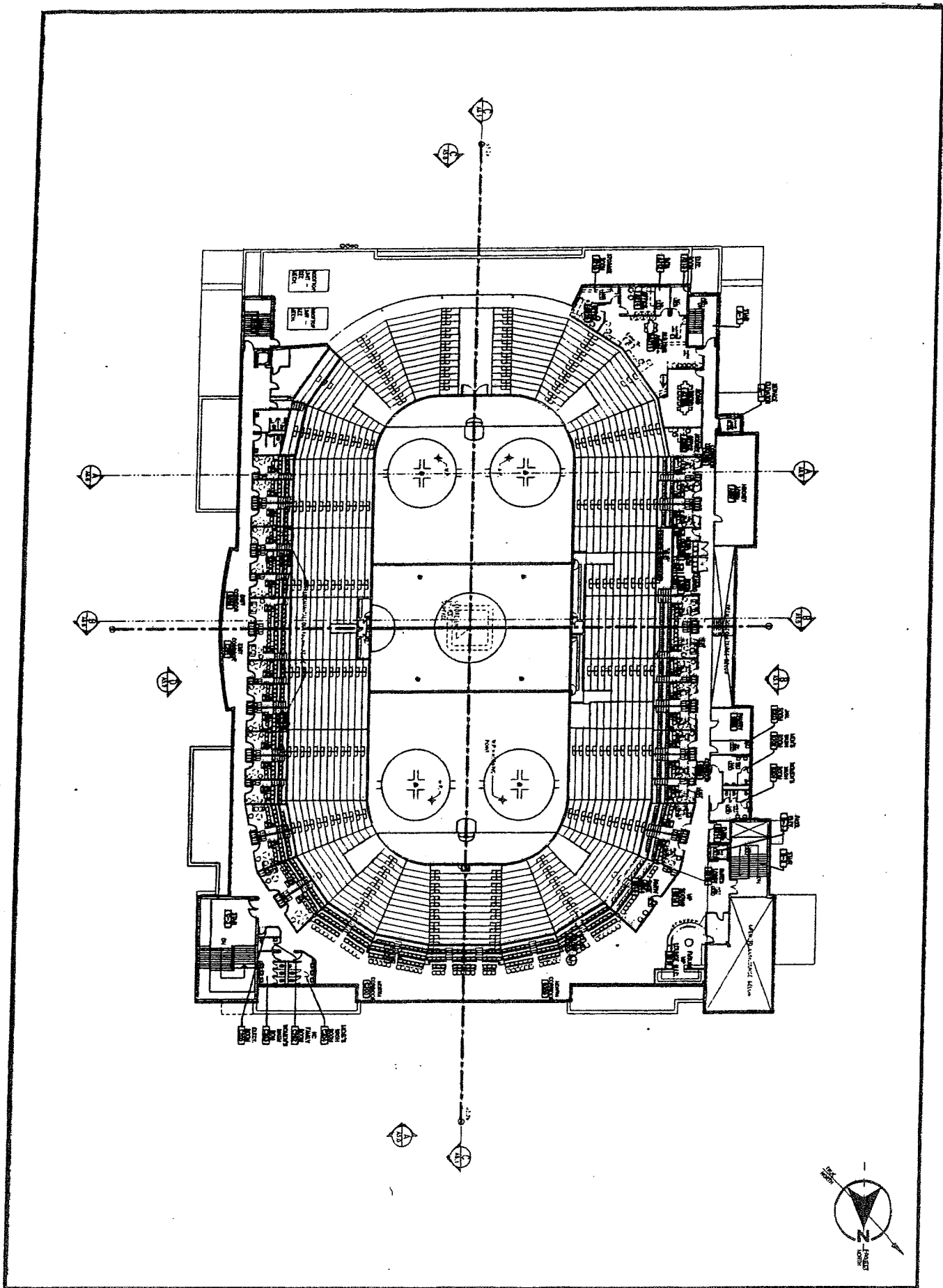
Respectfully submitted,



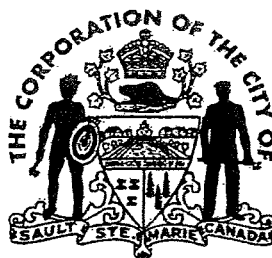
Nicholas J. Apostle
Commissioner Community Services
on behalf of the Steelback Centre Working Committee

jb/council/private suites nov 26

cc: Steelback Centre Working Committee



William Freiburger, CMA
Commissioner of Finance
and Treasurer



Finance Department

2008 02 25

Mayor John Rowswell and
Members of City Council

Re: Steelback Centre – Private Suites Phase 2 and 3

A financial analysis was undertaken with regards to the construction of phase 2 and 3 private suites and club seating.

Financial Assumptions

Project Cost:	\$4,000,000
Number of Suite seat licences:	154
Number of Club seat licences:	167
100% occupancy	
Cost of capital:	5%
Inflation:	2%
Annual suite seat licence fee:	\$1,100 to 1,300
Annual club seat licence fee:	\$360
Term of repayment	13 or 18 years
Not Included:	
Additional Bar Rail ticket revenue	
Additional Suite Bar Stool ticket revenue	

Original Financial Assumptions

The original assumption for the construction of Phase 2 & 3 was that the project would be self funding with no requirement for allocations from the general tax levy. The seat licence fee revenue would be sufficient to finance the capital cost of project and the additional ticket and concession revenue would be the City's profit on this investment.

Steelback Centre – Private Suites Phase 2 and 3
2008 02 25
Page 2.

City/Greyhound Contract

The City and the Soo Greyhounds are completing the second year of a twenty year agreement.

As outlined in the report of the Commissioner of Community Services, in years 16 to 20 of the agreement, if the average attendance is below 2,500, the City is required to make a deficiency payment to ensure the Greyhounds receive a minimum ticket revenue based on 2,500 tickets per game. If the City decides not to provide a deficiency payment in the last five years, the hockey club can terminate the agreement.

Financial Analysis

The attached Appendix 1 lists various options for financing based on 13 and 18 year repayments along with factoring in a possible \$500,000 grant.

Our preference was to finance this project over the remaining 13 year period of the contract that does not involve a minimal attendance guarantee.

With the above financial assumptions of \$1,300 per suite seat over a 13 year period, a maximum annual deficit of \$156,405 was calculated and marginally declining by approximately \$5,000 each year thereafter (Option D). If a grant was received, the maximum annual deficit would be \$99,992 (Option E).

Based on an 18 year financing period and a suite seat licence fee of \$1,100, a maximum annual deficit of \$100,300 was calculated and marginally declining by approximately \$5,000 per year thereafter (Option A). If a grant was received for \$500,000, the maximum annual deficit would be \$55,978 (Option C).

Based on an 18 year financing period and a suite licence fee of \$1,300, a maximum annual deficit of \$66,180 was calculated and marginally declining by approximately \$5,000 per year thereafter (Option B).

Based on all assumptions over 13 and 18 years, the licencing fees alone will not fully recover the capital cost of construction.

If the maximum hockey ticket revenue sharing and concession profits were added to the calculation, the annual deficit could be eliminated for 2 of the 3, 18 year scenarios. This assumption would require continued high attendance over the life of the contract to generate the maximum ticket sharing revenue.

If a grant was received and the project was financed over 13 years with full attendance and ticket sharing, the maximum annual deficit would be \$6,581 (Option E).

Another option is the possibility of a \$500,000 interest free loan for ten years to the project. At an interest rate of 5%, the benefit of an interest free loan would be approximately \$147,500.

Project Risk Factors

1. All financial scenarios are based on 100% occupancy for the new seats. Each year the City will be required to pay a fixed debt payment to finance the construction costs. Any empty club seats or private suites over the amortization period will result in a greater deficit that must be paid from the general tax levy or from other Steelback revenues. The annual debt payment for the project is estimated to range from \$290,000 to \$420,000 per year depending on the amount and amortization period. There is a risk that hockey, concession and concert revenues may end up subsidizing the project construction costs.
2. There is a risk factor with the revenue guarantee in the hockey contract. If attendance is below 2,500 in 13 years and the City decides not to provide a deficiency payment, the hockey contract could be terminated. If this occurred, the debt payment would still have to be paid without any offsetting licensing revenue. As a comment, if our attendance is below 2,500 in 13 years, we would have serious issues with the rental of all our private suites.
3. Over the long term, if we create more private suites than the market can support, there may be downward pressure on licence fees.
4. If revenue sharing from ticket sales is applied to the debt repayment, there is a risk that the City will not achieve the 50% revenue sharing every year since attendance may be cyclical and may change in the long term due to community demographics.

Debt Considerations

This project will increase our City debt level by \$3,750,000 since we will credit the first year licence fees to the project. Our long term debt was \$26,587,000 in 2007 and will increase to \$27,190,000 in 2008 with this project. Our bond rating took this project into account when our rating was announced in January 2008.

The original arena project received approval for \$13 million of debt for the arena and \$1 million for private suites. The City issued debt of \$11,220,000 for the arena in September 2007.

The caution in our bond rating was that "*an upgrade could result if there is no significant unexpected capital projects...*".

If Council intends to consider other major projects that require debt financing, I recommend they be considered and evaluated at this time.

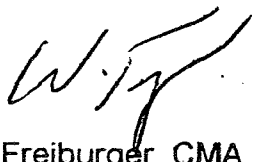
Steelback Centre – Private Suites Phase 2 and 3
2008 02 25
Page 4.

Conclusion

In order to approve this project, Council must believe that all the new private suites and club seats will be sold over the entire debt amortization period, (assume 18 years), and hockey attendance will continually remain high resulting in the maximum hockey ticket revenue sharing.

This is provided for the information of Council.

Respectfully submitted,



W. Freiburger, CMA
Commissioner of Finance and Treasurer

WF/kl

attachment

Appendix 1

The Corporation of the City of Sault Ste. Marie
 Analysis of Options for Suites and Club Seats at the Steelback Centre

	Capital Cost	Years	Licence Fee	NPV of Licence Revenue Less Debt Charges	NPV of Revenue Sharing/ Concessions	NPV of Licence Fees Less debt Including Revenue Sharing	Maximum Annual Deficit of Licence Revenue less Debt Charges	Annual Minimum Revenue Sharing and Concessions	Maximum Annual Deficit After Revenue Sharing
Option A	4,000,000	18	1,100	(734,314)	1,265,979	531,665	(100,328)	93,411	(6,917)
Option B	4,000,000	18	1,300	(296,037)	1,265,979	969,942	(66,180)	93,411	27,231
Option C	3,500,000	18	1,100	(234,273)	1,265,979	1,031,706	(55,978)	93,411	37,433
Option D	4,000,000	13	1,300	(1,139,525)	914,982	(224,543)	(156,405)	93,411	(62,994)
Option E	3,500,000	13	1,300	(639,427)	914,982	275,556	(99,992)	93,411	(6,581)

An interest free loan would reduce interest charges by \$147,500.

Assumption are 100% attendance for the 321 seats and maximum ticket sharing

6(2)(a)

www.steelbackcentre.com

Map Overlay

Dec 1, 2006 - Feb 9, 2007

Comparing to: Site

130,155 visits came from 69 countries/territories**Site Usage**

Visits 130,155 % of Site Total: 100.00%		Pages/Visit 4.30 Site Avg: 4.30 (0.00%)		Avg. Time on Site 00:02:08 Site Avg: 00:02:08 (0.00%)	
				% New Visits 52.61% Site Avg: 52.59% (0.05%)	
				Bounce Rate 33.30% Site Avg: 33.30% (0.00%)	
Country/Territory	Visits	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate
Canada	117,903	4.30	00:02:07	51.40%	33.33%
United States	11,500	4.32	00:02:14	63.10%	31.98%
(not set)	145	5.14	00:02:35	62.76%	32.41%
United Kingdom	122	3.07	00:01:31	85.25%	42.62%
Germany	97	3.53	00:01:00	82.47%	44.33%
Australia	36	3.61	00:01:17	86.11%	41.67%
Mexico	34	1.91	00:00:50	79.41%	79.41%
Japan	34	3.68	00:00:57	82.35%	58.82%
France	24	2.79	00:00:56	87.50%	75.00%
Netherlands	16	2.06	00:00:27	87.50%	62.50%
Italy	16	3.00	00:01:25	93.75%	56.25%
Sweden	13	6.38	00:01:48	100.00%	69.23%
India	13	4.62	00:04:04	100.00%	30.77%
Turkey	13	1.85	00:00:11	100.00%	69.23%
Finland	12	2.92	00:02:11	83.33%	50.00%
Switzerland	12	2.67	00:00:40	91.67%	58.33%
Argentina	11	2.45	00:00:23	72.73%	54.55%
Spain	9	1.33	00:00:21	88.89%	77.78%
Czech Republic	8	2.12	00:01:03	100.00%	75.00%
Belgium	8	1.25	00:00:03	87.50%	75.00%
Brazil	7	2.14	00:00:23	100.00%	57.14%
Denmark	6	3.17	00:00:50	100.00%	16.67%
New Zealand	6	2.17	00:00:30	100.00%	66.67%
Norway	6	3.17	00:22:58	83.33%	33.33%
Hong Kong	6	4.33	00:00:42	66.67%	66.67%

Memo to: Members of City Council
From: Councillors Sheehan and Myers
Subject: Report on International Event Brainstorm Meeting
Date: March 31, 2008

A meeting was held on Thursday March 27 at Civic Centre with Councillors Sheehan, Myers, CAO Fratesi, and SSM, MI City Manager Spencer Nebel and two SSM, MI Commissioners; Don Gerrie and Jeff Stefanski.

The purpose of the meeting was to follow up from the joint International Council Meeting held February 27 where an action item was identified about determining the potential of hosting an International Event to further develop community relations with our two cities. We discussed the purpose of doing this as being that of a "getting to know each other better" as citizens and leaders of the two cities vs. a tourism event. The rationale for City Council/City Commission taking the lead is that we want to present a family oriented event for our citizens.

We looked at the following issues.

Is there something to build on that currently exists? We discussed the great success of the December 31, 1999 International Millennium Celebration which featured Fireworks.

Is there a gap somewhere on the Events Calendars of each City? It was evident that December 31 presented an opportunity as neither community has a significant event taking place on that day.

The discussion centered on holding an early evening Family Fun Celebration replicating the Fireworks Celebration of December 31, 1999 and taking it a step further with a Family Skate/Dance event at Steelback to follow the Fireworks. Tentative times of 6:30pm for Fireworks with Steelback open from 7pm – 10pm, allowing attendees to return to their respective homes for midnight.

Ideas included offering free hot chocolate and popcorn, having the concessions open (non alcoholic) and possibly having admission by donation that would be split evenly by the United Way Agencies of each city and a canned good for Salvation Army Food Bank. These suggestions are raised as tentative only at this time and nothing is finalized.

Preliminary budget projections indicate an all inclusive evenly shared cost of \$10,000 per city would be required. It is our recommendation to make this an annual event with the Family Skate/Dance component held in the opposite City from year to year.

We respectfully ask for a re-confirmation that the will of City Council is to proceed with this event by referring this item to budget for consideration.