

Staff Report

Report To: City Council
Report From: Tim Simmonds, City Manager
Meeting Date: April 29, 2024
Report Code: CM-24-024
Subject: City of Owen Sound and Owen Sound Attack 10-Year Agreement (2024-2034)

Recommendations:

THAT in consideration of Staff Report CM-24-024 respecting the City of Owen Sound and Owen Sound Attack 10-Year Agreement (2024-2034), City Council receives the report for information purposes.

Highlights:

- The Owen Sound Attack is an economically and socially important organization to the City.
- The lease identifies the total recovery cost for annual operating costs associated with the use of the Harry Lumley Bayshore Community Centre from the Club. In addition, the Club will also commit more than \$500,000 toward capital improvements over the term of the lease.
- Negotiating the new lease using a set of principles gave the City and Attack Ownership Group a more flexible yet defined approach to reaching a consensus.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

Closed Report CM-23-017 – Owen Sound Attack Partner Agreement Negotiation Mandate

Closed Report CM-24-016 – OS Attack Lease Agreement Negotiations 2024-2034

Background:

In 2011, Council approved a new 10-year lease (Agreement) with the Owen Sound Attack Major Junior “A” Hockey Club (Club) to operate at the Harry Lumley Bayshore Community Centre (Arena). The 10-year agreement expired on August 31, 2021. During the 10-year lease with the Club, four amending agreements had been negotiated for various reasons, the latest in August of 2021 extending the 10-year lease for two additional years to September 2023. This two-year extension carried forward all the rights and responsibilities of both parties in the same form and function outlined in the 2011 10-year lease. The extensions in 2021 were a direct result of the worldwide pandemic and the operational impacts experienced by the City, the Ontario Hockey League (OHL), and the Club.

The staff negotiating team has been meeting with the Owen Sound Attack ownership group to negotiate a new 10-year Lease Agreement to keep the Club in Owen Sound.

The staff negotiating team followed the five Council-endorsed guiding principles in the negotiations with the Owen Sound Attack Ownership Group:

1. The Owen Sound Attack is an important economic and social partner in the City of Owen Sound.
2. The Agreement should be financially beneficial to each partner.
3. The Agreement should not be administratively burdensome.
4. The Agreement will address the Bayshore Community Centre's ongoing maintenance, operations, and capital needs.
5. The Agreement will be for a term of up to 10 years.

Analysis:

The new 10-year lease agreement negotiations were undertaken by three staff members who formed the Staff negotiating team using the guiding principles as their mandate. The three members of the team were the City Manager, Manager of Corporate Services, and Manager of Arena Operations. In addition, the team was supported by the Director of Corporate Services with input from the City's external solicitor and the City's insurer.

Over the past five months, the Staff negotiating team met with the Owen Sound Attack ownership group on numerous occasions. At the conclusion of the meetings, both the Staff negotiating team and the Attack ownership group supported the Lease agreement. The lease agreement was reviewed by the City's external solicitor and the City's insurer and subsequently by Council in a closed session on April 15, 2024. The draft agreement was reviewed in closed session to provide Council with an opportunity to consider the City solicitor's advice and the proposed terms of the agreement as permitted by the *Municipal Act, 2001*, sections 239(2)(f) and 239(2)(k).

The 10-year lease achieves the guiding principles in the following way.

Principle 1: The Owen Sound Attack is an important Economic and Social Partner in the City of Owen Sound.

The new lease agreement accounts for the total operational costs associated with using the Arena by the Club. Therefore, the general tax levy does not bonus or subsidize any of the Club's required annual operations. The lease rate beginning in 2025 will be indexed to Ontario CPI for each year of the lease to ensure the operational aspects of the Club using the Arena remain in line with inflationary costs.

The Club has 34 home games at the Bayshore; this does not include any playoff games. Each game has an average attendance of more than 2,500. The capacity of the Bayshore is approximately 3,000. Each home game boosts the local economy through direct and indirect employment, retail purchasing (restaurants, gas, grocery, convenience, etc.), and overnight accommodation (visiting teams).

From a social perspective, the Club has generously given back to many charities in the community and participated in local not-for-profit efforts.

The Owen Sound Attack has a core goal to support and embrace the Owen Sound and Grey-Bruce community, focusing on supporting local community

groups, charities, and fundraisers whenever possible. The Club has contributed over the last two seasons alone more than 150 individual donations of tickets, merchandise, and autographed memorabilia, as well as helped to raise more than \$250,000 for local charities including the Grey Bruce Hospice, Georgian Riding Association for Challenged Equestrians, the Owen Sound Emancipation Festival, the Scenic City Order of Good Cheer, Crimestoppers, and the Wheels of Hope Cancer Transportation program through the Hockey Fights Cancer fundraising campaigns.

Each season, the Club works with CMHA Grey-Bruce to bring players to schools across Owen Sound and the surrounding area to discuss mental health. They have participated in many local festivals and events, including the Salmon Spectacular, Wiarton Willie Festival, Owen Sound Pride Parade, and Hike for Hospice. The Club maintains a strong relationship with the Owen Sound Police Service, Brightshores Health System, and many other core Owen Sound programs and services, partnering to raise money, educate, and create fun opportunities for the community and their fans.

Ownership and Attack staff members are proud of the support they have provided to existing programs and contributing to the creation of necessary charities like REACH Centre and Camp Presqu'ile.

Principles 2 & 4: The Agreement should be financially beneficial to each partner. The Agreement will address the Harry Lumley Bayshore Community Centre's ongoing maintenance, operations, and capital needs.

The new 10-year lease agreement has considered all of the operational costs of hosting the Club at the Bayshore Community Centre, and the lease does not use any taxpayer levy to subsidize the annual operational needs of the Club. In addition to the yearly operational costs being fully captured by the agreement, the Club will also be contributing more than \$500,000 toward the capital needs of the Arena throughout the 10-year lease. As previously noted, the lease will be indexed annually to the Ontario Consumer Price Index (CPI) to ensure that as operating costs rise each year, the City will maintain its position of not subsidizing the Club and that no taxpayer funding will be used to subsidize the Club's annual operating needs.

Principle 3: The Agreement should not be administratively burdensome.

The 2011-2021 lease had several financial conditions that the City and Club had to track and monitor manually throughout the OHL season.

Staff have simplified the agreement by reducing the number of financial clauses requiring constant monitoring. Eliminating the need to audit, track, and account for these items and incorporating them into an annual lease payment will help save time and effort. It also makes it easier for the City and the Club to understand what they agree to, which means fewer mistakes while avoiding future conflict/misinterpretation. Clearly defined language in the lease agreement makes it easier to see where the money is going and what is expected from the City and the Club.

Principle 5: The Agreement will be for a term of up to 10 years.

The term of the agreement is set out as May 1, 2024, through May 31, 2034. In addition to the 10-year lease agreement, the Ownership Group has requested that an option for a five-year extension be incorporated. The language for the optional extension forms part of the 10-year lease agreement.

Financial Implications:

As noted throughout the report, the new 2024-2034 lease ensures that the Owen Sound taxpayer will not subsidize the annual operations of the Club. The lease will be indexed annually by the Ontario CPI. The agreement requires the Club to contribute to future capital needs at the Bayshore Community Centre; over the term of the 10-year lease, this will equate to more than \$500,000.

Communication Strategy:

A media release will be prepared following the report scheduled for April 29, 2024.

The 10-year lease has a new clause titled "Working Relationship" and is specific to having the Club present annually to Council on the following points:

- Present attendance data for the Attack for the season;
- Employment numbers;

- Share data and stories on the impact of the Club in Owen Sound and;
- Showcase any media coverage, awards, or recognition the Club has received.

Consultation:

Staff Negotiating Team

External City Solicitor

City's Insurer

Attachments:

None.

Recommended by:

Tim Simmonds, City Manager

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Tim Simmonds, City Manager, at tsimmonds@owensound.ca or 519-376-4440 ext. 1210.