



Hamilton2026 Commonwealth Games Bid Corporation

77 James Street North Suite 300 Hamilton, Ontario Canada L8R 2K3
www.hamilton2026.ca

August 24, 2020

Via Email - stephanie.paparella@hamilton.ca

General Issues Committee
c/o Stephane Paparella
Legislative Coordinator
Office of the City Clerk

Dear Mayor Eisenberger and Members of the General Issues Committee:

Re: August 10, 2020 Commonwealth Games 2026 Presentation

Further to Ms. Paparella's direction that correspondence relating to the 2026 Games be forwarded to her for distribution, I am writing on behalf of the 2026 Games Corporation to provide you with supplementary information touching on a number of questions asked by members of Council following our presentation, as well as to advise as to our resolve as it relates to this initiative's return to Council and its further progress.

Before addressing these issues, we wish to express our appreciation for your careful and respectful attention to the presentation on the 10th as well as the quality of the questions asked of our representatives. We were appreciative of your urging us to work towards a more substantive articulation of the opportunity and to comprehensively address the questions of cost and impact, especially in the area of housing. We look forward to doing so in the weeks ahead. However, what struck us the most in our post meeting reflections on the conversation at Council is that many of the concerns raised, while pertinent to the consideration of multi sport Games historically, will ultimately be understood to be irrelevant owing to the unprecedented nature of this opportunity. And this is because this is not a competitive bidding process, but rather, a collaborative design opportunity with the international rights holder (the Commonwealth Games Federation) yielding its property to the curation of a program for pandemic relief and regeneration. No government - municipal, provincial or federal - has ever had the benefit of such an offer before and its implications profoundly impact the approach to, and ultimate assessment of, this opportunity.

While we will take pains in our subsequent communication to much more effectively explore the implications of this, we would wish to make the foundational point that we are not 'selling a Bid', or anything else for that matter. Our community committee does not have a vested interest in this opportunity, and in the event that all levels of government move forward with this initiative as we hope they will, it will be up to others to carry it forward. But having been given an opportunity to take a globally significant event and collaboratively design it to resource and accelerate our recovery, we feel compelled to nurture it in the event that it can help to finally fulfill this community's long frustrated aspiration to become 'the best place to raise a child and age successfully' and better support the Province in its efforts to lead Ontario to recovery.



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SUPPLEMENTARY INFORMATION ARISING FROM QUESTIONS ASKED

1. How far in advance do all venues need to be completely finished, fitted out and available for hosting preparation events?

To host a Commonwealth Games, the date by which the hosting entity or operational committee needs exclusive use of each venue will vary depending upon the amount of temporary installations that are required (such as temporary seating, field of play requirements, technology, media positions, security and operational overlay), and whether test events are actually needed. This 'exclusive use commencement date' can typically vary between three weeks prior to the Games (for the majority of existing venues), to three months for a new build venue. A new build venue may require more than one 'test event', which could include a local school level competition, such as an OFSAA provincial championship, followed by an even more significant event. But given the pandemic nature of this effort, and the multitude of expected and unexpected eventualities which may come to pass, there is considerable flexibility around the necessity of formal test events and the steps necessary to ensure that facilities are ready.

2. Is there apprehension that it will be possible to do the amount of work that's required in the timeframe that's available?

There is not. Based upon the Federation's experience:

- new sport/recreation facilities require less than 3 years to complete, from design to opening; and,
- planning and delivery of various Games operation areas vary, but on average take about 3 years.

There is currently just less than six years available before the 2026 Commonwealth Games which provides more than sufficient time to plan and build any new venues and carry out any refurbishments or adaptations to existing venues. Birmingham, for example, was awarded the 2022 Commonwealth Games approximately 4.5 years prior to the Games and the site and design for the most substantial new-build sport venue, the aquatics and multi-sport centre, was only finalised subsequent to the award of the Games. And while adjustments have had to be made for athlete accommodation in Birmingham in light of the fact that the athlete's village will not be completed in time, we have considerably more time to complete this work. Further, and critically, it is important to note that this program and contemplated deliverables have been materially reduced in size thereby positively impacting venue delivery risk.

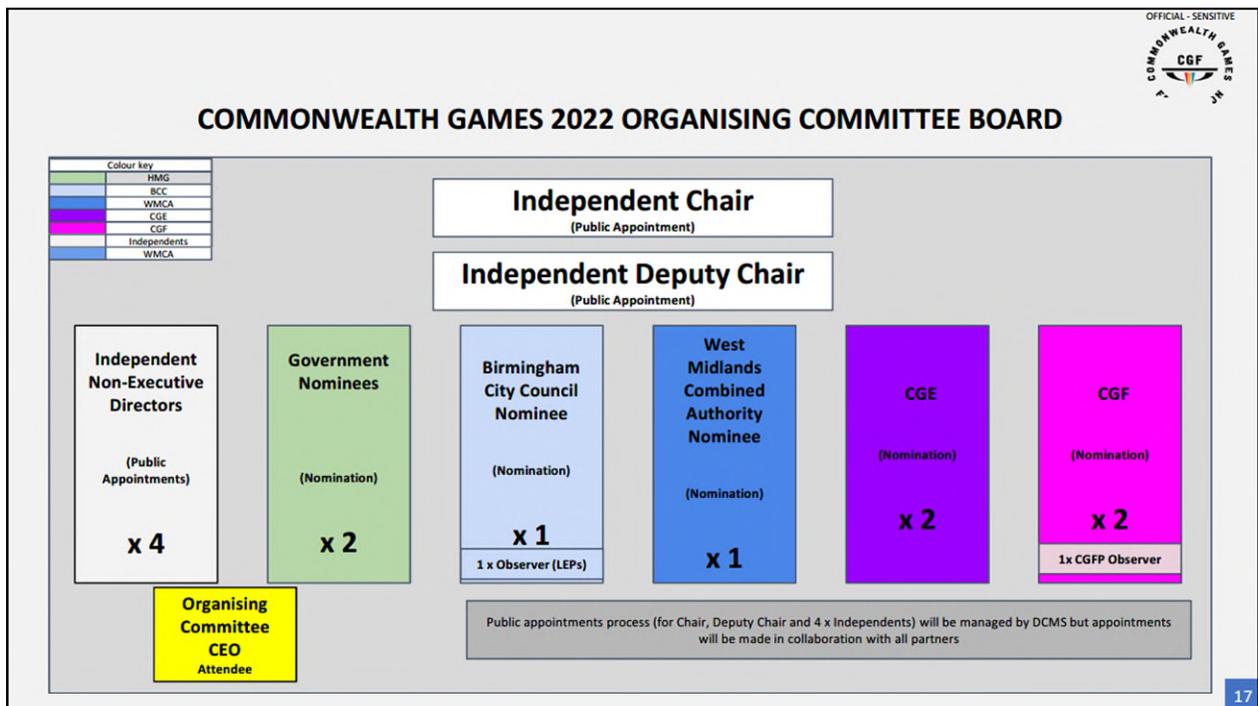
Lastly, and most importantly, because this is not a competitive bid process which would contemplate a fixed bid 'candidature' around venues and deliverables, and because the bid committee is assessing contingency sites that require less work, this process will allow all stakeholders to adjust plans and commitments depending upon circumstances as they unfold. Should considerations warrant more modest



commitments or alternative regional venues there is ample time and opportunity to do that. Put colloquially, in the final analysis the 2026 opportunity and its relatively tighter timelines is not a ‘bug’ but a ‘feature’, in that its very purpose is to present ‘shovel ready’ opportunities to accelerate recovery. A benefit that 2030 does not present.

3. With respect to responsibility for infrastructure investment and Games’ budget responsibility, while work begins through a Bid corporation, how are the Games governed/managed going forward?

Upon entering into and concluding a multi party agreement, the ‘Bid’ organization will transition responsibility for the Games to an Organizing or Host entity that is governed by a Board of Directors, comprised in large part by representatives appointed by each level of government who are vested with total control over the planning and the delivery of the Games. By way of reference, this is the structure of the Birmingham 2022 Organizing Committee Board:



For 2026, the precise form of this committee and its constituents will be addressed in the multi party agreement that will have to be negotiated and will need to be modified to accommodate our political structures, values and priorities. A summary of the requirements of the Federation and our initial (non binding) thoughts as to structure and composition of the board will be addressed in subsequent communication.



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4. How are you intending to integrate cost overrun scenarios into your financial projection?

This question highlights the observation made at the outside of this letter that the unprecedented nature of this process impacts a variety of considerations normally attendant to the creation of a competitive bid proposal. As this is not a competitive bid process where civic commitments in a bid candidature have to be tendered globally for judgment as a national 'offer', but rather, a design process involving all stakeholders, our proposals around venues and their attendant costs and financing, as well as all aspects of budgeting, will ultimately be evaluated and quite probably materially adjusted during the MPA process as the funding stakeholders seek to align investment with policy priorities. Thus, as we indicated in our Blueprint and in our oral presentation, unlike 2030, or any prior bid, we are not presenting a take it or leave catalogue of venues and deliverables. We will present a menu of options with projected costs from which you and other stakeholders, most especially the Provincial government, can make adjustments as required. Ultimately, the question of cost and risk will be entirely within the control of the funding entities. Having said that, we can provide you with our initial thinking around this issue which reflects traditional approaches to risk mitigation strategies.

First, given the much more modest scale of this event, with the commensurate anticipated reduction in costs and deliverables, we begin with a significantly reduced risk profile. Beyond that, and consistent with well established practice, a variety of cost mitigation strategies can be employed:

- The CGF would expect a contingency of approximately 20% in relation to the Commonwealth Games operating costs budget. This budget would be required to address scope variations, unforeseen changes in macro-economic and market circumstances, shortfalls in commercial revenue, and delivery risks. Cancellation and abandonment risks would be covered by commercial insurance;
- We have been advised that the CGF would support a scenario where the contingency is divided into two funds, an operating contingency to be managed by the future Organising Committee and a Strategic Reserve to be managed by a Strategic Group, chaired by the major public sector funder. Again, the Federal Government, the Province and Hamilton City Council, together with representatives of the CGF and CSC, would be represented on both the Organising Committee Board and the Strategic Group with oversight over these contingency funds;
- In some cases, particularly with private sector venues (ie anticipated to include the downtown venues currently the subject of negotiations led by the City), financial authority and responsibility can be transferred to the private owners and not with the operating entity or municipality;
- When Games are hosted in Canada it is mandatory for a Funding Partner(s) be designated the "deficit guarantor". Ontario served as that deficit guarantor for Pan Am, in part because the event engaged a number of municipalities. Because the 2026 Games will also have a regional component with venues in other municipalities as well, including at least Burlington, Niagara and Milton, the province is expected to be the deficit guarantor again. Should the province subsequently indicate



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during the MPA that they are not prepared to be a deficit guarantor (which is not expected), the City may decline to proceed further;

- The CGF's delivery model for the Games involves the development of an integrated delivery team in a host city. This ensures that appropriately experienced individuals provided by the CGF/CGFP work with members of the local organising committee, recruited locally, to ensure that the Games are delivered efficiently, with a clear focus on optimizing value and achieving sustainable benefits for the local community;
- Lastly, as it relates to our primary legacy of objective of affordable housing, we have ascertained that there is a sufficient inventory of existing accommodation in the region, principally with our regional academic partners, to allow for a contingency in accommodations if required.

5. What do you anticipate the funding model to look like in relation to the 2026 opportunity?

This is a critical question that we are eager to discuss and which has been the subject of extensive internal deliberation as well as some preliminary engagement with the province. Beyond this response, we will provide additional information and insight around the anticipated funding model in the next few weeks. At this juncture, our expectation is that the approach to funding for 2026 (as distinct from the anticipated budget) will be generally aligned with the Pan Am model as a construct familiar to the provincial government, but with some modification, particularly as it relates to the municipal share.

In Pan Am, the funding model was as follows: Toronto 2015 (the Organizing Committee for the Pan and Parapan Am Games), had a total budget of \$1.7B including capital, operating and Legacy budgets. The federal government provided \$475M mostly to fund capital projects with an allocation to cover federal essential services. The provincial government provided \$769M in funding (exclusive of the athletes village) mostly allocated to operating expenses and the Legacy Fund. Municipalities and universities provided capital to fund 44% of the cost of their own Pan Am related capital projects (\$212M and \$67M respectively) meaning that these partners had their infrastructure projects built for \$0.44 on the dollar as a result of the Games. Toronto 2015 generated \$194M in revenue, mostly from corporate sponsorships and ticket sales.

The funding breakdown per partner was as follows: Federal government 28%, provincial government 45%, municipalities 12%, university partners 4% and revenue 11%. Notably, there was little to no private sector funding provided for the 2015 Games outside of sponsorships.

In addition to the \$1.7B budget to stage the Games, an additional \$687M was provided by the province for the construction of the Athletes' Village as part of the redevelopment of the West Donlands which comprised the housing legacy for the 2015 Games. This element of the 2015 Games is of particular interest to us for obvious reasons.

Source: Auditor General of Ontario's Special Report, June 2016 on the 2015 Pan / Parapan American Games



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In this case, it is important to note that while we expect that funding ratios will approximate the Pan Am model, a significant additional differentiator in the 2026 opportunity is that private sector contributions, which are incorporated into the municipal share, will be materially larger than Pan Am or any prior Canadian Games largely owing to the serendipitous alignment of the downtown redevelopment project as a site for multiple venues for the Games in 2026 and our expectation as to the availability of supplementary private sector community legacy funding. We anticipate that this aspect of the 2026 opportunity will be of particular interest to all levels of government as yielding a much greater dividend for public sector contributions. That said, and consistent with the approval process for the 2030 Bid, such decisions will not be made until after letters of support in principle have been provided and discussions begin around the hosting plan (venue and operations) which are necessary before draft budgets can be approved and commitments made. We look forward to comprehensively addressing these issues when we return to Council.

Before concluding our remarks in relation to funding, we wish to confirm that we are working on a comprehensive Games business case and strategy map focussed on aligning the Games opportunity with provincial need and policy priorities, particularly as they relate to pandemic recovery and sustainable regeneration, as well as their alignment with federal and municipal priorities. This reflects our view of the primary strategic focus of these Games: meaningfully accelerating recovery, sustainability and civic regeneration. We expect to have this effort completed in advance of our return to Council and we will be providing that document to senior levels of government.

6. What will the effect be of having the FIFA World Cup Games in Canada in 2026 have on the Commonwealth Games.

First, it is important to note that in our initial query of both of the relevant provincial and federal ministries in relation to the 2026 opportunity, no objection or concern was raised by senior levels of government about a conflict with a potential World Cup event in Toronto. Having been apprised of the potential for concern some weeks back by Soccer Canada, with whom we have been in communication, we made clear to all stakeholders that we were not proposing to use any Toronto venues in the Games. Further, the Federation has corresponded directly with the FIFA by letter dated June 2, 2020 (attached) in response to which FIFA raised no concern. Ultimately, given the materially different markets, timing and sponsorship relationships (the World Cup has fixed global sponsors) we see no conflict.

Note: news broke last week that Toronto is a finalist to host the World Gay Games during the World Cup itself without concern or objection. <https://www.thestar.com/sports/2020/08/13/toronto-shortlisted-as-one-of-eight-cities-to-host-the-2026-gay-Games.html>. That event is materially larger than the Commonwealth Games (10,000 + participants), will be centred in the city, and is being enthusiastically pursued by the City of Toronto with Bid leaders who are also involved in Toronto's request to host the World Cup curiously enough.

Ultimately, should Hamilton City Council wish to defer to a conjectural concern around the World Cup, thereby forgoing the opportunity to leverage the potentially transformative regenerative benefits of these



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Games for this region, that is of course your prerogative, but we are unaware of any impediment to the successful operation of both events. Should the province or federal government advise to the contrary we will let you know.

7. Whose signature is on the multi party agreement?

The three levels of government and Commonwealth Sport Canada are the usual signatories to the MPA. In this case, given the fact that the Bidding entity is not a government entity but is a not for profit community led venture, it is likely that the not for profit Games entity will also be a signatory if only to ensure that it has relinquished any rights it would have to the 2026 opportunity. We will be directed by Government in this regard.

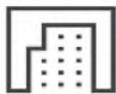
8. What has been the past practice with respect to affordable housing as Games legacy and what do you expect in terms in occupancy?

Eliciting funding for affordable or social housing, whether incremental government funding or catalyzed private capital, is one of the key ‘impact pathways’ by which the Commonwealth Games has historically benefitted host communities.



£11 million invested in the athletes village for social housing (£22 million excluding £10.3 million for the treatment of land value)

- 200 new social housing dwellings, 1,000 new sustainable residences, and a new aged-care facility to help meet housing demands in city.
- 2.5 Ha open space.
- New community facilities (e.g. bike paths), helping to enhance citizen wellbeing.



£10 million investment in Athletes Village as part of the wider regeneration of the East End

- Athletes village converted into 700 affordable, sustainable homes and a 120-bed care home.
- Across the wider Clyde Gateway project, between 2012 and 2017, 239 Ha of derelict and contaminated land had been remediated, 63,664 square metres of Business Floor Space was completed and 2,456 residential units had been constructed (Final Legacy Report), the Games helping to drive this.



£122.1 million investment in athletes village has generated new assets for use among communities

- 1,251 apartments and townhouses offered for long term rent.
- Retail and dining hub created with Woolworths and BWS securing tenancies.

Examples of recent investments in host community affordable housing arising from the Commonwealth Games are set out in the adjacent graph taken from the PWC Games Values Framework which we would encourage you to read:

<https://thecgf.com/news/new-report-reveals-commonwealth-games-consistently-provides-over-ps1-billion-boost-host-cities>

What is critical to note with respect to the 2026 opportunity, is that for the first time in any multi sport Games, we are proposing to make affordable housing (and the innumerable benefits that arise in an infrastructure project of this magnitude) the primary legacy deliverable. This is consistent with the

regenerative post-covid focus of these Games, and reflective of our belief that this is our community’s most



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significant social challenge. This understanding animated our resolve to explicitly partner with Indwell, a trusted and experienced affordable housing stakeholder, experienced in the delivery of units and open to new approaches to solving this challenge.

Our overarching objective is centred on leveraging the Games, as one of the world's premier civic 'events', to accelerate existing public and private funding commitments to affordable housing and to incent the provision of new capital and the participation of new strategic partners in a marque project as a powerful supplement to the "Hamilton is Home" initiative - which we are aligned with and intent on further resourcing through the Games. We see supplementing the now emerging regional collaboration strategy around housing with the Games legacy opportunity, particularly in a transformative athletes village development (but not limited to that), as potentially making the difference in efforts to solve this vexing challenge. And when one considers that our work with industry leaders in this area will also bring with it innovations in accessibility, sustainability, resiliency and health and wellness outcomes, along with a focus on diversity and inclusivity (actioned through a CBA), the potential benefits are nothing short of remarkable.

We will imminently provide much more information about our efforts in this regard to Council and the public but in closing we wish to dispel the canard that the Games will result in the loss of government funding for 'needed' priorities. Beyond the fact that this is demonstrably not the case given the nature of government funding, our resolve in housing (and in every other need) which animates our investment of time in the 2026 opportunity, is to use the Games to catalyze support for *existing* needed priorities which have yet to be addressed, and not to pursue fanciful new ones that are not essential to our recovery. In that regard, we note that while the redevelopment of the West Donlands, which acted as the Athletes Village during the Pan Am Games, was a project that was already in the works, by some estimates its delivery was accelerated by 10 to 15 years as a result of the provincial funding the Games' catalyzed.

9. What do you think would be an adequate time line for engagement with the community in defining the scope of a Community Benefits Agreement ("CBA") and how do you propose to facilitate that for those residents who don't have access to the internet?

As we indicated in our Blueprint and affirmed in our oral presentation, our Games will institutionalize CBA's to ensure community input and confidence in the various impacts and commitments which centre our effort as a vehicle for recovery and sustainable regenerative change. As it relates to our various proposed commitments set out in our Blueprint, we are not asking that the community 'trust' our committee or the Commonwealth Games Federation. All stakeholders are prepared to memorialize their commitments in writing.



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To date, we have not finalized a firm timeline for consultation. Nor do we have a fixed opinion as to what will constitute sufficient consultation. We feel it imperative to invite your views on those subjects. Having said that, the following bullets capture our thinking around this issue:

- As set out in our Blueprint and presentation, we have already begun the process of consultation in areas such as housing and Indigenous partnership with leading stakeholders and these efforts will continue;
- Reflective of our desire to be inclusive and respectful of a diversity of views, we have endeavoured to reach out to and engage opponents of the Games, including some of those who spoke in opposition at the August 10th presentation, to explain our strategy and approach to 2026 with a view to educating them on its departure from past Games as it relates to concerns around the alignment of spending to impact and to invite their participation in our planning in an effort to draft one or more CBA's that incorporate their views. Without exception, and surprisingly, the opponents with whom we have communicated have refused to participate in this process to date. This resistance may well subside in the event that they are encouraged to participate. We invite you to do that. Our primary and overwhelming aim is to use this vehicle and the innumerable thought and business leaders it engages, including those in our many educational institutions partnering with us, to assist in solving the very problems the majority of opponents are themselves engaged in addressing and to do that in a constructive and collaborative manner.
- We invite you on an individual basis to provide suggestions or make recommendations to us as to the identity of critical community stakeholders to consult with as well as to provide your thoughts as to what you feel would be constructive in relation to consultation. It is critical to remember that as this is an unprecedented collaborative design initiative rather than a competitive bidding process, Hamilton has the ability to incorporate binding commitments or protections as a condition of its participation to address concerns and we are eager to make use of this opportunity. As a committee, we are not individually invested in any particular outcome beyond the greatest community impact.
- We propose that further consultation unfold in phases or stages with the first phase now under way, illuminated and expanded upon with your input should it be provided, and continuing through to the provision of your support in principle.
- We propose that City 'Support in Principle' incorporate further direction on consultation and engagement which process will unfold well into the Multi Party Agreement Negotiations. We would invite you and all stakeholders to participate in that process and to propose language requiring continuing consultation over the ensuing months and with the host organization through to the conclusion of one or more CBA's. And although ultimately the purview of the host organization, we would expect a process and program of continuing consultation through to the event and beyond in the management of legacy obligations.



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- Such consultations would be expected to address concerns over inclusivity and accessibility in the same manner that City processes currently do with our being open to any improvements thought best by all stakeholders.
- Ultimately, as with every other aspect of this Bid, the City has and can retain control over process and procedure in consultation with senior levels of government. The Bid organization is acting in service of city interests and priorities rather than as a contractual counterparty.

NEXT STEPS

During the course of the questions and submissions made by the Mayor and Council on August 10 the point was made that despite the Federation's time limited grant of exclusivity, the City of Hamilton and other stakeholders are obliged to take the time necessary to ensure that this opportunity is rigorously assessed and the subject of adequate public engagement and consultation. We concur.

Accordingly, given the magnitude of the work being undertaken and still required, including the importance of adequate public consultation, we do not expect to return to Council with a proposal and a request for staff assessment until October. Notwithstanding this, we have not asked the Federation to extend their grant of exclusivity beyond the end of September in order that we not further complicate their governance process or adversely impact their fiduciary duty to their global associations particularly in light of the fact, confirmed by independent news sources after the August 10th meeting, that other countries are in fact interested in hosting the 2026 Games. Having said that, we are confident that the issuance of a non binding letter of support in principle by the end of October will preserve this opportunity for the City of Hamilton allowing the city to further assess and deliberate upon the opportunity. We note with interest this international news story from August 20th which gives us comfort in that regard:

<https://www.insidetheGames.biz/articles/1097505/comm-Games>

This additional time will be required, as referenced above, to finalize work around a business case that anticipates the necessity of clearly defining the objectives of this initiative as it relates to better resourcing and supporting government efforts in the area of pandemic recovery and sustainable regeneration, particularly at the provincial level. Our intention, as communicated by all presenters on August 10, is to give our region and all levels of government a potent new weapon to accelerate our recovery and to create a vehicle for more effective and impactful communication between the citizens of this region, the City of Hamilton, the Province of Ontario and the Government of Canada in their efforts to do so. We view the recent news and press conference relating to 3M's announcement of its partnership with the Federal Government and the Province of Ontario in manufacturing N95 respirators as exemplary of the impact such collaboration can have: <https://news.ontario.ca/opo/en/2020/08/ontario-partners-with-federal-government-and-3m-canada-on-new-n95-respirator-manufacturing-facility.html>



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The Games presents the opportunity to materially scale such efforts – to the benefit of this region. We have identified that outcome as constituting a ‘Great Games’; as defining ‘success’.

In the event that senior levels of government do not provide letters of support, or that a universally successful MPA cannot be negotiated, this process will conclude. But should senior levels of government be prepared to engage in a conversation with the City of Hamilton and surrounding communities as to how to leverage this opportunity for transformative, regenerative change, particularly in the area of affordable housing, we would view the City pre-emptively foreclosing further participation in a non binding process for which it has not been asked for funding and has made no financial commitment to date as a missed opportunity of historic proportions.

In conclusion, and in keeping with the commitments we articulated above in relation to consultation, we invite your input in relation to any matter of relevance to this effort in advance of our return to Council. More specifically, and as we have communicated to you previously, we welcome engagement and dialogue with you as to how best to engage your constituents in this process in advance of our return in October. We are all in this together.

Thank you for your time and attention. We look forward to further constructive dialogue in relation to this opportunity.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'L' and 'F' intertwined.

Louis A. Frapporti
Chair
HAMILTON2026

cc.

Honourable Lisa MacLeod, Ministry of Heritage, Sport, Tourism and Culture Industries
Honourable Filomena Tassi, Minister of Labour
Honourable Steven Guilbeault, Minister of Canadian Heritage
Richard Powers, President, Commonwealth Sport Canada
Brian MacPherson, CEO, Commonwealth Sport Canada
David Grevemberg CBE, CEO, Commonwealth Games Federation