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<b>TO:</b>	<b>GENERAL COMMITTEE</b>
<b>SUBJECT:</b>	<b>BARRIE COLTS/HORSEPOWER SPORTS AND ENTERTAINMENT GROUP INC. REQUEST FOR RELIEF</b>
<b>WARD:</b>	<b>ALL</b>
<b>PREPARED BY AND KEY CONTACT:</b>	<b>R. BELL, MANAGER OF RECREATION AND CULTURAL FACILITIES, EXT. 4452</b> <b>D. BELL MANAGER OF BUSINESS SERVICES, EXT. 4352</b>
<b>SUBMITTED BY:</b>	<b>B. ROTH, DIRECTOR OF RECREATION AND CULTURE SERVICES</b>
<b>GENERAL MANAGER APPROVAL:</b>	<b>D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES</b>
<b>CHIEF ADMINISTRATIVE OFFICER APPROVAL:</b>	<b>M. PROWSE, CHIEF ADMINISTRATIVE OFFICER</b>

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### **RECOMMENDED MOTION**

1. That Horsepower Sports and Entertainment Group Inc. (Barrie Colts) be provided the following economic support due to the impacts of COVID-19 on its operations at the Sadlon Arena:
  - a) An extension in facility use, advertising and/or concession payment due dates for 60 days, for any payments due prior to June 30, 2020;
  - b) A reduction in the next monthly facility use payment amount of \$4,000, representing the City's savings associated with the staff time that was not required due to the final two regular season games of the 2019-2020 season being cancelled; and
  - c) A commitment to revisit the matter of further potential relief for Horsepower Sports and Entertainment Group Inc., 60 days after Council consideration of this recommendation.
2. That the Mayor and City Clerk be authorized to execute any agreements that may be required to document the arrangements, and upon approval of the form of agreement by the Director of Legal Services.

### **PURPOSE & BACKGROUND**

#### **Report Overview**

3. The purpose of this staff report is to recommend some immediate relief related to the closure of the Sadlon Arena due to COVID, for the Barrie Colts. It also provides a recommendation to revisit the matter of further potential relief in the future, after the City has had additional time to review the impact of COVID.

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Background

4. The City of Barrie and Horsepower Sports and Entertainment Group Inc. entered into a user agreement for the Barrie Colts use of the Sadlon Arena in 2013. The agreement is for a term of 10 years and may be renewed. When it acquired the Barrie Colts, Horsepower Sports and Entertainment Group Inc. also took over an agreement originally between the City and Georgian Hospitality Group Ltd related to the concession stand operations within the Arena.
5. On April 24, 2020, Horsepower Sports and Entertainment Group Inc. approached City staff enquiring whether the Ontario-Canada Emergency Commercial Rent Assistance Program would be available to it/the City.

**ANALYSIS**

6. The Ontario-Canada Emergency Commercial Rent Assistance Program was developed to share the cost between small business tenants and landlords. Small business tenants and landlords would each be asked to pay 25 per cent of the tenant's total rent (i.e., gross monthly rent payable under a lease agreement) and the provincial and federal government would cost share the remaining 50 per cent.
7. The specific details of the Program have not been finalized at the time of preparation of this report. Based on the information available, to access the Program, the following eligibility criteria would need to be met:
  - a) The City to be deemed a qualifying commercial property owner;
  - b) The forgivable nature of the financial assistance may be dependent on there being a mortgage on the property; and
  - c) The tenant must also be an eligible small business tenant paying less than \$50,000 in rent per month AND have temporarily ceased operation or have at least a 70% drop in pre-COVID revenue.
8. If all parties qualify, then the rent must be reduced by 75% for the months of April, May and June through a rent forgiveness agreement. The tenant pays 25% of the rent for those months. The owner gets a loan for 50%, which may be forgivable under certain circumstances.
9. The majority of the property is not assessed as commercial property and the City does not have a mortgage on the property. It is not clear whether municipalities would qualify even if these criteria were met as most Federal/Provincial assistance programs announced to date have not applied to municipalities.
10. While Horsepower Sports and Entertainment Group Inc. has continued to utilize the office areas to administer team and league processes, the Barrie Colts were forced to cancel two of their games and end their regular season early due to COVID-19. As a result, it is not clear whether Horsepower Sports and Entertainment Group Inc. would meet the eligibility criteria.
11. Horsepower Sports and Entertainment Group Inc. has utilized the kitchen areas for cooking and then generously distributed the prepared food to the Barrie Food Bank, Salvation Army, the Women and Children's Shelter of Barrie, Royal Victoria Regional Health Centre (RVH), and the David Busby Centre. It has staff had prepare approximately 800 meals a day for these organizations.

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12. To provide Horsepower Sports and Entertainment Group Inc. with some immediate relief, staff are recommending that the following economic support due to the impacts of COVID on its operations at the Sadlon Arena:
    - a) An extension in facility use, advertising and/or concession payment due dates for 60 days, for any payments that have not been made and are due prior to June 30, 2020; and
    - b) A reduction in the next monthly facility use payment amount of \$4,000, representing the City's savings associated with the staff time that was not required due to the two regular season games being cancelled.
  13. If the recommendation is approved, Horsepower Sports and Entertainment Group Inc. would be deferring May and June's rent payments for 60 days. It had already made its April rent payment prior to the submission of the request.
  14. Staff are also recommending that the matter of further potential relief be revisited, 60 days after Council consideration of this recommendation. This would allow the City additional time to review further details that may become available related to the Ontario-Canada Emergency Commercial Rent Assistance Program, impact of COVID-19 in light of the various agreements with Horsepower Sports and Entertainment Group Inc. and the City's own financial condition.
  15. To properly document any arrangements authorized by City Council, it may be necessary to execute agreements with Horsepower Sports and Entertainment Group Inc. As such, it is recommended that the Mayor and City Clerk be authorized to execute any required documents.

#### **ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS**

16. There are no environmental and/or climate change impact matters related to the recommendation

#### **ALTERNATIVES**

17. The following alternatives are available for consideration by General Committee:

##### **Alternative #1**

General Committee could recommend that further economic support be provided to Horsepower Sports and Entertainment Group Inc. immediately.

While this option is available, it is not recommended. Currently, the City is still assessing the impact of COVID-19 on its own financial condition. Once further details related to the Ontario-Canada Emergency Commercial Rent Assistance Program are released, the City/Horsepower Sports and Entertainment Group Inc. will be able to determine if they may be eligible for the program.

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**Alternative #2**

General Committee could recommend that economic support not be provided to Horsepower Sports and Entertainment Group Inc.

While this option is available, it is not recommended. The City has extended payment deadlines for its taxpayers and the recommended motion would provide a similar type of relief to Horsepower Sports and Entertainment Group Inc. The City did not incur \$4,000 in staffing costs associated with the two cancelled games.

**FINANCIAL**

18. The monthly payments associated with the facility use and advertising/concession revenues are approximately \$47,000. An initial deposit related to the City's share of the advertising revenues (20%) was made in December for 2020 and any difference is typically addressed mid-year.
19. The recommended motion would represent a deferral of payment by 60 days rather than a waiving of any payments associated with facility use, advertising, or concession revenues.
20. A \$4,000 reduction in the monthly user fee payment for May is proposed to reflect the costs avoided by the City due to the cancellation of two regular season games.

**LINKAGE TO 2018–2022 STRATEGIC PLAN**

21. The recommendation(s) included in this Staff Report are not specifically related to the goals identified in the 2018-2022 Strategic Plan.