

## Questions about whether Town is getting revenue it should

By Bill Rea

The Caledon Equestrian Park is making money, but maybe not as much for the Town as had been hoped.

Caledon councillors received an updated report last week on the facility, and there were suggestions from the public that the deal is a bad one for the municipality.

Councillors, sitting in committee, accepted the staff recommendation to continue working with the park's management committee to identify capital needs and look for ways to improve revenues while reducing expenses.

The Town is also requesting audited financial statements from the park.

The staff report noted the facility was designed to host equestrian events for the 2015 Pan Am Games, and that 56 per cent of the funding came from TO2015, with the remainder being split three ways between the Town, which owns the buildings on site, Equestrian Management Group (EMG), which has a 40-year-lease to use the site for 18 equestrian events annually, and Toronto and Region Conservation Authority (TRCA) which owns the land. The result, according to the report, is the Town invested about \$1.7 million for a facility worth more than \$11 million.

In addition to the facility, the Town benefitted from some of the Pan Am Game promotions, such as the Torch Relay that stopped in various places in Caledon, televised coverage of the events in Palgrave, etc.

The scope of the project was added to with the creation of the Palgrave Community Room on the site, which staff said was outside the facility agreement between the Town, EMG and TRCA. Use of the Palgrave Room is booked through the Town's recreation department.

The Town and community renters have priority use of the Palgrave Community Room (PCR) on Mondays and Tuesdays, the report stated. The Town uses these days for meetings, gatherings, programs and general community usage. Town staff administer bookings on these days directly, using the Town's facility rental practices that are applied to all of our rentable facilities. On the remaining days, and during peak times of the year, EMG is the primary usage coordinator, and the Town works around the scheduling needs of the many shows and equestrian events throughout late spring, into the summer, and early fall.

The report added that EMG works with a recreation support services team to facilitate bookings.

The Palgrave room has had 26 bookings so far this year, and it had 24 in 2016. It was used by the Town for functions, as well as by such groups as a condominium corporation, Scouts, private residents, etc. Those figures are low, compared to the bookings for other Town-owned facilities.

Construction on the facility was approved in the Town's 2011 capital budget for \$11.7 million, but it was actually completed under budget at \$11.3 million.

During development of the project, it was proposed that the Town's share of \$1.7 million would be funded through a 20-year external debenture, on the idea that would free up money for other infrastructure projects. But the report stated the Town's finances are healthier than they were in 2010, the current plan is to fund the contribution through money budgeted to deal with debt servicing costs.

Staff stated EMG's contribution is going to come through the rent or lease payments for the 18 events they will be holding annually over the first 20 years of the lease. The report added EMG has agreed to share net profits from the facility, with the Town and TRCA splitting the first \$100,000 and the Town, TRCA and EMG dividing anything after that by three.

The first full year of operation at the site was 2016, and the staff report said the gross revenues (not including the 18 events EMG put on) came to \$60,310, with expenditures coming in at \$51,765. That meant there were \$8,545 in profits to be shared between the Town and TRCA

Apart from that, the report said the Town has been picking up additional costs for the facility, such as supplementary taxes and annual septic costs of \$5,500.

The report said it's still a new facility, and work will have to be done to understand the costs and revenues that will result.

It also referred to a suggestion made last year to invest about \$700,000 for improved footings in the outdoor training rings and indoor competition rings. The report said these improvements would be aimed at enhancing the marketability of the facility. That was funded by EMG and TRCA because it came up too late in the Town's budget process.

It also stated that the Palgrave room operated at a loss last year of a little more than \$30,000. It also pointed out several of the Town's facilities operate at a loss.

The news wasn't good as far as area resident Tim Forster was concerned.

Forster, husband of Councillor Barb Shaughnessy, addressed councillors, telling them the lease arrangement has been very good for

EMG, and bad for the Town.

The first benefits from revenue sharing amounted to about \$4,200, and he pointed out the Town paid more than that in both taxes and septic costs.

"I think the report is a letdown," he remarked.

He also referred to a staff report from 2011 that projected the Town would be getting about \$50,000 annually.

Forster argued the lease signed by the Town did not reflect the information that was in the staff report approved by council, as he wondered if anyone had read the lease agreement. He also recalled delegating to council around that time. "I told you this was going to happen," he said.

He also asked when the Town was going to organize non-equestrian events so it could start generating some revenue.

"What can we do in the indoor arena to make that kind of money, and what kind of investment would have to be made to make that happen?" he asked.

"The Caledon Equestrian Park is a white elephant for the taxpayers of Caledon," Forster added.

Shaughnessy said there should be some reporting structure to council, as taxpayers deserve to know if the Town got a good or a bad deal on this. She also said she didn't want the taxpayers footing the bill for capital improvements that would only benefit EMG. She maintained that EMG is a tenant.

She also observed the arena on site was rented out 23 times, apart from the 18 events hosted by EMG, and she wondered who the renters were.

General Manager of Finance and Infrastructure Services Fuwing Wong told her they can't share that information if the renter is a private person.

Councillor Annette Groves also said she was disappointed with the report, commenting it tells her the Town is not getting enough money.

"That's what people want to see," she said.

Councillor Rob Mezzapelli supported the report, but he stressed the need for the Town to make sure it's getting its share of the revenues. He also said he had understood capital costs at the facility were not to be carried by the Town.

Councillor Johanna Downey observed this is a world-class facility, adding it provides benefits beyond simple revenues. She said there's also a benefit to other local horse-related businesses, as well as business in general that attracts customers from those visiting the site.