

Standing Committee Report

REPORT NUMBER 313-2025-Community Services-

DATE

PREPARED

October 2, 2025

FILE

STANDING

COMMITTEE

October 14, 2025

MEETING DATE

SUBJECT

Operating Model Indoor Turf Facility

PURPOSE – Feedback of Standing Committee

EXECUTIVE SUMMARY

Administration requires Council direction on the operating model for the Indoor Turf Facility. This report seeks feedback from the Standing Committee on the proposed operating model for the facility and provides information on the use of a third party operator or the City of Thunder Bay taking on the operation of the facility.

KEY CONSIDERATIONS

Administration requires City Council approval on the operating model for the Indoor Turf Facility.

Indoor Turf Operations

The Indoor Turf Facility is expected to open in October 2026, operating year-round and is projected to welcome over 213,000 visits annually from 7,000+ unique users across all age groups, abilities, gender and income levels. Key uses will include turf rentals (1/4 pitch, 1/2 pitch, full field) for all ages for a variety of turf user groups (soccer, touch football, flag football, ultimate frisbee, cricket, baseball, field lacrosse, rugby, programs (summer camp, adult/older adult fitness, drop-ins), and other community uses (ie. school and Superior Secondary School Athletic Association (SSSAA) through reciprocal use or other agreements, or ad hoc bookings). Opportunities exist for industrial leagues and multi-sport development/skill training programs and/or clinics. Key turf end user groups have identified 4 annual event hosting opportunities and an additional 4 events that the facility could host, but not likely annually. In addition, there is opportunity for community use of non-turf elements of the facility such as multi-purpose/meeting room, concession, and proposed leasehold space.

Demand for access to indoor turf will be high mid October to mid April, evenings/weekends. Administration expects pent up demand during this peak season,

prime time. There is expected to be less demand for access to indoor turf during peak season, weekdays and off peak season (mid April to mid October).

Prior third party and inhouse studies informed by demand data collected from key indoor turf user groups and the benchmarking of similar facilities have concluded that the facility's annual operating budget is likely to break even or potentially produce a small surplus, excluding debt servicing costs and all lifecycle renewal costs.

Regardless of whom the confirmed operator will be, there will be a need for approximately 6 months lead time and advanced funding to support one time start up expenses to ensure the facility is operational for the anticipated October 2026 opening date. (A capital budget of \$250,000 for non-fixed furnishings, maintenance and sport equipment has already been approved.)

Potential Operational Models

The choice of the most appropriate operational model will depend on the business case of the project, the municipality's expectations for the facility or service, the availability of qualified partners, and the level of risk the municipality and the potential partner/non municipal entity(ies) are willing to tolerate.

City Operation of Indoor Turf Facility

The City has not previously operated an indoor turf facility. However, the City has consulted with project stakeholders to assess demand for access to indoor turf, provided management and oversight of the design and development of the facility, and has experience managing and operating several indoor and outdoor recreation facilities through various structures/arrangements.

An expansion of 12+ full-time equivalents (FTEs) will be required to support a City operated facility; however, annual facility revenues are expected to fully offset direct facility expenses. An estimated 5 full-time positions will be required to provide facility supervision/leadership, facility and turf maintenance, facility program/event/revenue development, and facility allocation/bookings. The balance of positions will be part-time, seasonal or casual and directly involved in front line service delivery. Revenues in the first full year of operation (2027) are expected to be \$1.4 - \$1.6 million; operating expenses will exceed \$1.35 million.

The City has many existing policies, procedures and supports in place to guide a City operated indoor turf facility. Staffing processes are well established and there is an opportunity to offer existing staff some work at the new facility and/or provide coverage for leave. Administrative and back office functions and technologies are available to support supervisory staff and front-line delivery. Various operational policies and procedures are available to guide the delivery of programs/services. The City is aware of and engages with key turf user and other community groups.

A potential challenge with a City operation includes a limited marketing/advertising capacity.

Should Council support a City-operated facility, the relevant managers will proceed with recruitment and staffing with an aim to have key full-time supervisory and facility bookings staff in place no later than April 2026. Examples of other pre-opening activities will include but not be limited to: staffing, staff training and orientation; procurement; facility specific emergency management plans; community/user engagement; advertising/promotions, opening events, etc.

Third-Party Involvement in the Operation of the Indoor Turf Facility

A third-party relationship involves the City engaging with a non-municipal entity, typically because the 'partner' can bring value to the relationship, augment the services that the City can provide, and achieve benefits to the taxpayer and the City. The third party could be private or non-profit. For the relationship to be successful, the venture must be successful to both parties, roles and responsibilities must be clearly defined, there must be a performance evaluation methodology, a shared commitment to serve the needs of the community, a philosophy of continuous improvement, and fair and honest recognition of each 'partner's' contribution.

A decision to explore a third-party operator for the Indoor Turf Facility does not mean that the City will incur no risk or responsibility for the facility. The relationship will need to be effectively managed.

Some of the Outcomes of Third-Party Relationships include:

- access to more information
- reduce the cost of government procurement
- to provide greater access to capital
- to capitalize on collective energies and expertise
- to optimize use of public sector resources.

Some Common Benefits of Third-Party Relationships include:

- increases in operational efficiencies
- improved revenue production
- reduced operational costs
- sharing of operational risks
- expanded inventory of programs/services.

A Request for an Expression of Interest (RFEOI) for the Management and Operation of the Multi-use Indoor Turf Facility (EOI-02-2025) was issued on August 19, 2025 and closed September 24, 2025. The RFEOI is a non-binding research process for the purpose of identifying the extent of available expertise and supplier interest in the marketplace with respect to the management and operation of the City's new Indoor

Turf Facility. The RFEOI provided information on the City's minimum expectations in respect of the management and operation of the facility, including turf maintenance, the operation of concession and leasehold spaces, and capital maintenance. Proponents were advised of potential limitations related to naming rights, sponsorships and facility advertising. Proponents were invited to provide the following information in respect of the management and operation of the facility:

- their knowledge, credentials, experience, and proposed staffing structure
- their motivation
- their financial capacity and proposed user fee structure
- their capacity to obtain the necessary insurance
- their available start date and preferred term to manage and operate the facility
- their general approach and operating principles
- the positive outcomes and/or value to the City resulting from their management and operation of the facility
- 3 or more references for similar operations managed within the last 5 years.

Four submissions were received in response to the RFEOI confirming interest in the marketplace to manage and operate the facility. Three submissions were from private sector operators; 1 submission was from a non-profit operator. Two submissions were from entities operating outside of Thunder Bay; two submissions were from local organizations. Two proponents currently manage and operate indoor turf facilities. All submissions have experience in operating public facing facilities/services, including concession and/or food/beverage services.

Should Council support an operational model to involve a third party, a request for proposal would need to be developed, issued, and submissions received and evaluated. If a successful proponent is identified, detailed negotiations of an agreement would need to ensue. These negotiations can be time consuming. The best way to mitigate this risk is to ensure the request for proposal is prescriptive and specific in respect of City's expectations for facility operations.

Informing Recommendation to Council on Indoor Turf Facility Operational Model

Administration is focusing on the following areas in order to inform a recommendation to Council on a proposed Indoor Turf Facility Operational Model. Standing Committee is welcome to provide feedback on the following areas of review.

- The municipal values and interests that will be important to uphold? (Examples: inclusion, accessibility, affordability)
- Which entity is best qualified to deliver the services? (Examples: building, indoor turf and exterior grounds maintenance; program development and delivery; facility allocation/booking; concessions; leasehold space; marketing/advertising)

- Mitigation of inherent or potential risks? (Examples: forecasted versus actual demand for turf, off peak/non-prime use, uncertainty regarding financial terms of third party operation and confirmation of revenue expectations, operating approach, user fees).
- The opportunities that are available through the various operational approaches? (Examples: synergies with nearby facilities, leveraging existing capacity, new revenues)

CONSULTATION

Administration seeks input from the Standing Committee to best inform a recommendation to City Council on the recommended operating model for the Indoor Turf Facility.

FINANCIAL IMPLICATION

Prior third party and in-house studies informed by demand data collected from key indoor turf user groups and the benchmarking of similar facilities have concluded that the facility's annual operating budget is likely to break even or potentially produce a small surplus, excluding debt servicing costs and all lifecycle renewal costs.

BACKGROUND

At their May 26, 2025 Committee of the Whole meeting, Report 168-2025 recommended that a contract for the design/build for the new Indoor Turf Facility be awarded to Finn Way General Contractor Inc. up to the amount of \$36,056,040, inclusive of all taxes and a contingency allowance and that Stantec Architecture continue to be retained as needed for technical assistance during the course of the project, to a maximum of \$200,000, inclusive of all taxes. In addition, it was recommended that \$4.5 million, representing the amount of the special dividend declared by Tbaytel, be transferred from the Renew Thunder Bay Reserve Fund to the Indoor Turf Facility Reserve Fund to support construction of the new Indoor Sports Turf Facility, and that the City Manager and City Treasurer be authorized to approve all appropriations necessary to accept additional external financing towards construction of the new Indoor Sports Turf Facility, to fully exhaust the Indoor Turf Facility Reserve Fund, and to minimize the amount and duration of a proposed Special Debenture to finance the design and construction of the facility, reducing it from \$20,900,000 to \$3,300,000 and the duration from 25 years to 10 years. Administration was authorized to enter into an agreement with the non-profit entity formed by Turf Facility user groups that will set out the parameters around how this group will undertake its community fundraising campaign.

At the May 27, 2024 Committee of the Whole meeting, Report 203-2024 was presented, recommending Administration prepare and execute a Design-Build Request for Proposal for an Indoor Turf Facility based on Option 3 (CTB Building Standard with

Energy Efficiency Improvements) with a mandatory bid cap of \$42.7 million. It was also concluded that the 2026 and future proposed budgets should include operating costs for the facility and commit required capital lifecycle renewal costs.

At the November 27, 2023 City Council meeting, Council approved the financing strategy presented in Report 335-2023 for \$44,575,000 and a total project budget of \$38,033,400 excluding site development/ancillary work and all other discretionary items (ball diamond, additional parking, road access, etc.) as listed in R254-2023.

At the September 11, 2023 Committee of the Whole meeting, Corporate Report 254-2023-Community Services was presented. Council approved the SNO concept on the lands beside the Community Auditorium as the preferred option for an indoor turf facility. Key elements of the SNO concept building program included: a FIFA standard indoor synthetic turf playing surface 129.5 m by 47.56 m that has capacity to be used as a full field, half pitch or quarter pitch through use of automatic curtains; seated spectator capacity (originally 960, now 500); 8 player changerooms with bench seating; storage lockers outside the player changerooms; referee changerooms (2); shower/washroom facilities; second floor concession; and, multi-purpose space/meeting room; administrative, mechanical and potential for leasehold space.

At the July 25, 2022 Committee of the Whole meeting, Council directed Administration to seek direction from the newly elected Council on a long term facility solution given a response received June 13, 2022 from Infrastructure Canada that the funding application to the GICB program was unsuccessful and given the need for a significant capital contribution from the City to advance the project and the potential that the current Council would be in a restricted acts 'lame duck' position as of August 19, 2022 (R 123 22). This report also provided feedback from key end users on their demand for indoor turf post pandemic and their priority needs. The report also provided additional public information on the short term and long term proposals received through an EOI.

At the March 14, 2022 Committee of the Whole meeting, Council resolved to await a determination by Infrastructure Canada on the funding application, directed Administration to engage with the Tournament Centre operator to maintain the temporary conversion of one ice surface for the upcoming 2022-2023 indoor season, and report back by Q1 2023 on the implications of an extended conversion of one surface at the Tournament Centre (R 20 2022).

At the November 22, 2021 Committee of the Whole meeting, Council received an update on the results of the EOI (8 submissions received – 4 long term solutions; 4 short term solutions) and resolved to await a determination by Infrastructure Canada on the Green and Inclusive Community Buildings (GICB) funding application (R 151 2021).

At the June 14, 2021 Committee of the Whole meeting, Council directed Administration to proceed to administer the above mentioned EOI and report back on the status and outcome of the EOI by November 30, 2021 (R 85 2021). EOI 02-21 was issued July 26, 2021 and closed August 27, 2021.

At their June 7, 2021 Committee of the Whole meeting, Council directed Administration to proceed with a funding application to Infrastructure Canada's Green and Inclusive Community Building Program by July 6, 2021 – Large Retrofit/New Build Category (R 82 2021).

At the May 17, 2021 Committee the Whole, Council directed Administration to report back by June 14, 2021 on an Expression of Interest to solicit interest from the marketplace on interest in a potential partnership with the City to advance short and long term solutions.

A Non-business meeting of Council was held April 29, 2021 to provide background information to Council of their decisions to date in respect of the proposed multi-use indoor turf project, community needs and Council's approved objectives for the project, project timelines and funding models.

At their March 6, 2021 Committee of the Whole meeting, Council decided not to proceed with the award of contract for construction of a proposed multi-use indoor turf facility to be located at Chapples Park (R 9 2021).

The Multi-Use Indoor Sports Facility Special Purpose Committee was established in September 2019 to assist in the development of the final design of the Facility, and specifically to help define such details as general amenities, an operating model and project financing.

REFERENCE MATERIAL ATTACHED

N/A

REPORT PREPARED BY

Kelly Robertson, Commissioner, Community Services

REPORT SIGNED AND VERIFIED BY

Kelly Robertson, Acting City Manager

Date (10/07/2025)