

City Council Report

REPORT NUMBER 381-2025-Community Services-

DATE

PREPARED

November 19, 2025

FILE

**CITY COUNCIL
MEETING DATE**

December 2, 2025

SUBJECT

Tbaytel Multiplex Operating Model

RECOMMENDATION TO CITY COUNCIL

WITH RESPECT to Report 381-2025-Community Services we recommend that the City of Thunder Bay move forward with a City-run operating model for the Tbaytel Multiplex;

AND THAT the financial implications of a City-operated model be included in the 2026 Operating Budget for City Council's consideration;

AND THAT any necessary by-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

Administration requires Council direction on the operating model for the Tbaytel Multiplex. This report recommends that the City of Thunder Bay take on the operation of the facility based on review of information related to both third-party and City-operated options, feedback from the Quality of Life Standing Committee and consultation with key end user groups.

DISCUSSION

Tbaytel Multiplex Operations

The Indoor Turf Facility, recently named the Tbaytel Multiplex, is expected to open in October 2026. It is projected to operate year-round and 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 encompassing 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 (e.g. 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 and 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 in-house studies informed by demand data collected from key indoor turf user groups and the benchmarking of similar facilities 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 is a need for approximately 6 months lead time and advanced funding to support one-time start up expenses for staffing and equipment 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 the Tbaytel Multiplex

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, including outdoor turf and indoor dryland spaces, through various structures and arrangements.

An expansion of 13+ 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 6 full-time positions will be required to provide facility supervision/leadership, facility and turf maintenance, facility program/event/revenue development, and facility allocation/bookings. (It is proposed that 1 full-time position be created through supplementing an existing .5 FTE/budgeted position that has been challenging to fill.) 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 \$1.75 - \$2.1

million; operating expenses will be approximately \$1.71 million. The intent is to ensure revenues exceed expenses.

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. Maintenance standards and systems exist for City recreation facilities. 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. The Recreation and Culture Division is exploring potential options to address.

Should Council support a City-operated facility, the relevant managers will proceed with recruitment and staffing, aiming 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; facility-specific policy and procedure development; 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 Tbaytel Multiplex. 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:

- knowledge, credentials, experience, and proposed staffing structure
- motivation
- financial capacity and proposed user fee structure
- capacity to obtain the necessary insurance
- available start date and preferred term to manage and operate the facility
- general approach and operating principles
- positive outcomes and/or value to the City resulting from their management and operation of the facility
- three 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; one 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.

Recommendation – City Operation

While the RFEOI demonstrated some potential interest by qualified third parties in operating the Tbaytel Multiplex, Administration is recommending that Council approve the City as an operator of the facility for the following reasons:

- increased municipal control and accountability for the operation, ensuring alignment with Council's strategic priorities for equitable access, inclusion, and net zero
- protection of the municipal investment to date and a higher propensity that any proceeds will remain in the community and be reinvested into the facility
- confidence in the municipality's capacity to operate the facility to a safe, reliable, predictable and legislatively compliant service standard
- the synergies and operational efficiencies available through existing City policy and service delivery frameworks, the adjacent municipally operated facilities and existing staff, and the existing relationships with user groups and related public facing organizations
- the increased certainty and relatively lower investment in City resources to achieve opening of the facility in a timely manner
- support for a City operation by both the Quality of Life Standing Committee and key end users
- both internal and external studies have confirmed low financial risk with facility operations based on info acquired from key end users on their demand for access to indoor turf and the probability that the facility will operate on a break-even basis or incur a small surplus.

The following risks were identified with a City operation:

- the City has a limited marketing function at the current time; an enhanced marketing capacity can optimize the facility's revenue potential through promotion, advertising, program development, etc
- no prior experience operating an indoor turf facility
- concerns that proceeds arising from this operation may be directed to address other municipal priorities.

Administration continues to explore options to enhance our internal marketing capacity. Administration believes the other identified risks can be managed through continued engagement with key end users through the establishment of a Community Access Committee and/or other community engagement strategies.

A third-party operation is not recommended for the following key reasons:

- the risk that the profit motive of a private sector, third-party operator may conflict with Council's strategic priorities of access, inclusion, and net zero
- loss of municipal control, accountability, openness and transparency
- uncertainty regarding net positive benefits and outcomes and potential delays that may ensue through the procurement process and subsequent negotiations of an operating agreement.

Asset Management Considerations

Regardless of the operating model selected, this new facility presents an opportunity to apply an increased focus on asset management and renewal planning, consistent with the City's Asset Management Plan. Accordingly, Administration will be recommending an annual contribution of \$650,000 to a reserve fund to support life-cycle asset renewal, which represents roughly 2% of the facility's replacement value per year, ensuring sufficient resources for long-term rehabilitation and renewal.

This approach aligns with the City's approved guiding financial principle of Sustainable & Integrated Capital Planning. The development and implementation of a dynamic, long-term capital funding plan that aligns infrastructure needs with financial capacity, supports asset stewardship, and enables the City to respond effectively to growth opportunities.

This approach will be considered, through the Budget Process, for all new assets going forward, as Administration continues to advance asset management practices and improve long-term infrastructure planning. The specific reserve fund and strategy will be discussed in a future Reserve and Reserve Fund Policy update.

CONSULTATION

Feedback from Quality of Life Standing Committee

The Quality of Life Standing Committee received an information report (Report 313-2025) at their October 14, 2025 meeting regarding operating model options, the potential benefits and risks with each model, and the next steps required to advance the model. Committee members expressed support for the City to operate the facility for the following reasons:

- increased municipal control and accountability to ensure operations are aligned with Council's strategic priorities such as advancing inclusion, equitable access and net zero
- the synergies and operational efficiencies that would result with our existing staff, adjacent municipally operated facilities such as the adjacent Canada Games Complex, Port Arthur Arena and Stadium, and other public facing organizations such as the Community Economic Development Commission (CEDC)
- the desire for increased transparency to tax payers in respect of facility operations
- reliability of service delivery, maintenance standards, which is evident in municipal golf and arena operations
- the significant capital investment by the City and other funders to date with a desire to see proceeds of these investments stay in our community and be reinvested in the facility
- a desire to avoid further obstacles and delays that may be encountered through the procurement and negotiation of an agreement with a third-party operator.

Committee members expressed and received information on the following concerns and risks with a third-party operation:

- the limited interest and investment by a private sector, third party in the facility to date (the vast majority of public private partnerships usually involve private sector involvement and contribution of capital at early phases in project)
- mixed results with public/private partnerships in the past
- the potential conflict with the profit motive of a third party, private sector operator with Council's strategic priorities for the facility.

The Committee requested that Administration consult with key stakeholders and obtain their comments on a proposed operating model.

At their November 18 meeting, the Quality of Life Standing Committee endorsed a recommendation to Council that the City operate the Tbaytel Multiplex (Report 357-2025). Key additional rationale provided included the alignment of Committee views with the feedback from key end users and a reinforcement of a City operation as the model that provides the best accountability to tax payers.

Key End User Feedback

Consultation with key end users regarding their preferences for the operating model of the Indoor Turf Facility was conducted via email, with follow-up clarification obtained by telephone or in-person discussions between October 24 and October 31, 2025.

Responses were received from nine key end user organizations, including Soccer Northwest Ontario, Thunder Bay Chill, Thunder Bay Men's and Women's Leagues, Superior Rush, Thunder Bay Minor Football, Cricket Council of Thunder Bay, Thunder Bay Ultimate, and the Thunder Bay International Baseball Association.

All organizations expressed support for a City-operated facility and non-support for a private-sector, third-party operator. As a secondary preference, a limited number of key end users indicated conditional support for a non-profit third-party operator if Council were to pursue a third-party operating model.

A City-operated model is preferred by key end user organizations for the following reasons, which are consistent with benefits of a City-operated model:

- the City's demonstrated commitment to ensuring equitable access, affordable rates, and subsidized opportunities for youth, seniors, and low-income residents
- confidence that City-led program design and scheduling will reflect a broad range of interests, with an emphasis on youth development, inclusion, recreation for newcomers, and adaptive sports
- assurance that municipal management will provide stable operations with predictable safety, accessibility, maintenance and asset management standards, consistent with applicable regulations, ensuring consistent, reliable, high-quality user experience throughout the year.

Risks identified by key end users related to a City-operated model include:

- the City's operational experience to date has focused primarily on ice and aquatic facilities, which differ in several ways from indoor turf operations that have specialized surface maintenance requirements
- limited municipal marketing capacity could reduce opportunities to fully optimize facility use and revenue generation
- recognition that the City manages multiple competing priorities for limited resources, which could, over time, impact the focus or funding allocated to indoor turf operations.

To mitigate these risks, end users recommended the establishment of a Community Access Committee or similar mechanism to ensure that user perspectives and community priorities are considered in ongoing facility management and decision-making.

A private sector, third-party operation is not supported by key end user organizations for the following reasons:

- concern that a profit-driven approach could lead to higher user fees and reduced community access, particularly during prime hours, as well as reduced investment in facility condition and asset management activities
- potential misalignment between the operator's business priorities and the City's broader goals of recreation access, inclusion, and youth development
- reduced municipal oversight and accountability, leading to uncertainty in facility policy, maintenance standards, and user experience.

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.

The anticipated part-year cost of a City operation in 2026 will be included in the Draft 2026 Operating Budget for Council's consideration. As of the writing of this report, the anticipated net cost for a part year operation in 2026 is approximately \$86,000. This net budget requirement is related to the lead time required for staff to prepare for the opening of the facility and one time equipment costs not considered within the existing capital allocation. In 2027 an annual operating surplus of approximately \$372,000 is forecasted.

BACKGROUND

At the November 18, 2025 Quality of Life Standing Committee meeting, the Committee endorsed a recommendation to City Council that the City operate the Tbaytel Multiplex (Report 357-2025).

At the November 4, 2025 meeting of City Council, Council approved "Tbaytel Multiplex" as the name for the new multi-use indoor turf facility (Report 329-2025).

At the October 14, 2025 Standing Committee Quality of Life meeting, Committee received information on the use of a third-party operator or the City taking on operation of the indoor turf facility, provided feedback on the proposed operating model, and recommended that Administration consult with key stakeholders to seek their input on the proposed operational model (Report 313-2025) .

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, Commissioner, Community Services

Date (11/25/2025)