Meeting Date: October 22, 2019
Subject: Caledon Equestrian Park Update
Submitted By: Fuwing Wong, General Manager, Finance & Infrastructure Services

RECOMMENDATION

That Council declare that the Caledon Equestrian Park facility at 200 Pine Avenue, Caledon be primarily for tourism as an important community asset, for Town purposes and for a public use in accordance with Ontario Regulation 598/06;

That a by-law be passed pursuant to Section 110 of the Municipal Act, 2001 providing authority to:
   a) Enter into a municipal capital facility agreement with respect to the properties identified in Schedule D to Staff Report 2019-0129, subject to any minor or technical changes that may be required prior to execution; and
   b) Exempt these properties from taxation for municipal and education purposes;

That Council direct the Town Clerk to give written notice of the by-law to the Minister of Education, the Municipal Property Assessment Corporation, and the four local school boards;

That Town staff be authorized and directed to enter into agreements to give in effect this declaration of a municipal capital facility, including agreements under subsection 252(1) of the Municipal Act, 2001; and

That Town Staff continue to account for the rental fees and expenses associated with the Palgrave Community Centre and the Equestrian Management Group as outlined in Staff Report 2019-79.

REPORT HIGHLIGHTS

- This report contains staff’s findings following a detailed review of CEP and PCR financials (revenues/bookings and expenses)
- Staff recommend declaring the Caledon Equestrian Park (CEP) at 200 Pine Avenue, Caledon a Municipal Capital Facility in order to apply for a property tax exemption with the Municipal Property Assessment Corporation (MPAC) as provided for in the Municipal Act.
- Staff recommend providing a special rate to the Equestrian Management Group (EMG) to utilize the Palgrave Community Centre (PCR) since they are on-site and handle their own set-up and take-downs without the use of Town Staff for the room rentals booked through the Town.
DISCUSSION

Background
The Caledon Equestrian Park (CEP), located at 200 Pine Avenue, was constructed for the 2015 Pan American/Para Pan American Games. The CEP is a legacy facility from the Pan Am Games that is owned by the public (Toronto and Region Conservation Authority, (TRCA), and the Town of Caledon) and available for public use/rental.

The CEP was constructed with a funding partnership between the Federal/Provincial Governments (via the organization, TO2015), the TRCA, the Town of Caledon, and the Equestrian Management Group (EMG). TO2015 provided a grant for approximately 56% of the over $11 million cost of the facility. The balance was funded equally between the three remaining partners (approximately $1.7 million each).

The Town owns a facility worth over $11 million with an approximately $1.7 million initial investment. For each partners’ $1.7 million investment, The TRCA owns the land, the Town owns the facilities (buildings), and EMG has use of the facility for 18 events during the year.

Excluding the Palgrave Community Room, (PCR), which is also located at the CEP site, EMG also is the operator of the Caledon Equestrian Park (on behalf of the Town and TRCA). This means that EMG manages the day-to-day operations of the Caledon Equestrian Park (including contracting for the cleaning, event set-up, accounting, utilities, receiving and responding to facility rental requests). Net CEP rental revenues outside of EMG’s legacy events are shared between the partners.

Construction of the CEP was completed around March/April 2015. For TO2015’s investment, the facility agreement between TO2015 and the Town provided TO2015 with exclusive use of the facility from June 15, 2015 to August 10, 2015 in order to set-up for and hold the Pan American Games equestrian events at the CEP. The agreement provided TO2015 the ability to set-up temporary buildings, structures and equipment required for the games, ability to staff and provide security services for vendors at the site during the exclusive use period, and to licence exclusive sponsorships.

Prior to 2015, the site was utilized by EMG for 18 equestrian events annually under an old licensing agreement between the TRCA, Town and EMG at a cost of $1.00 per year. The old (1997) licensing agreement was intended to provide for an equestrian facility to foster the Town’s equine/tourism economy and to promote the Town as an equine hub. With the Town of Caledon selected to host the equestrian event for the Pan Am Games and investments from TO2015, TRCA and EMG, the Town now owns a “World Class” equestrian facility for a $1.7 million initial investment. EMG’s $1.7 million contribution represents their first 20 years of rent payments of a 40 year lease (approximately $85,000 a year for the 18 equestrian events that EMG hosts annually). Further, 35 acres of land...
valued at $600,000 was transferred, at no cost, from EMG to TRCA to be utilized by the CEP. The new CEP facility and EMG’s continued involvement (e.g. hosting 18 equestrian events per year) continues to foster the Town’s equine tourism economy.

**Economic Development and Community Pride**

In addition to the visitors to the Town of Caledon, the Town was represented during Pan American Games promotions such as:

- Pan American/Para Pan American Games Torch Relay which had stops in Palgrave, Bolton, Inglewood, Belfountain, Alton, and Caledon East;
- Television broadcasts of the Pan Am Equestrian Events from the Caledon Equestrian Park;
- Unveiling of a painting in Caledon by renowned artist, David Arrigo who created the painting especially for the equestrian event at the Caledon Equestrian Park.

Construction of the Caledon Equestrian Park was project managed by the Town and followed the Town’s procurement by-law. During the construction phase, at least twelve Caledon and area companies or local workers were directly/indirectly (e.g. as subcontractors) employed to complete the facility on-time and on budget.

Further, towards the end of the project, local and area businesses wanted to contribute to the Caledon Equestrian Park visitor experience and approached the Town to voluntarily contribute labour and materials outside of the original scope of the Caledon Equestrian Park project. Approximately a dozen local and area businesses donated time and material for the construction of the CEP front gate / entrance features and the gravel garden. No charitable tax receipts were requested or provided to any of the businesses.

**Palgrave Community Room**

As part of the Caledon Equestrian Park project, a “Community Advisory Committee” was created, which was comprised of residents from the Village of Palgrave and co-chaired by two Councillors. The committee has provided insight into the development of the Caledon Equestrian Park, the operations and planning for the games and added additional insight as to additional community needs. As a result of Community Advisory Committee feedback, Town of Caledon Council directed staff, (via resolution 2013-450 on July 9, 2013 and August 13, 2013 report CS-2013-081), to add to the original scope of the CEP project by adding valued community space and amenities. This additional space is currently known as the Palgrave Community Room.

The Palgrave Community Room was constructed concurrently with the Caledon Equestrian Park facility. However, the PCR is outside of the Facility agreement between the Town, TRCA and EMG and was funded by the Town with the TRCA agreeing to also contribute funding. The Palgrave Community Room, like other community halls and community rooms across the Town, is booked through the Town’s Recreation division.
renters of the PCR, including the Equestrian Management Group, pay rental fees to use it.

The Town and non profit community renters have priority use of the Palgrave Community Room on Mondays and Tuesdays and other day of the week as long as legacy events are not scheduled. The Town uses these days for meetings, community engagement, 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.

To facilitate bookings, EMG works collaboratively with the Recreation Administration team to communicate community and private equestrian usage. EMG communicates their events to Recreation staff through a shared calendar. Recreation staff uses the information provided on this calendar to ensure:

- the community room is not double-booked;
- the Town’s facility rental software and schedules are accurate; and that
- the needs of EMG’s equestrian users are balanced with the needs of the community.

**Council Direction**

On June 6, 2017 Council provided staff the following direction related to CEP:

- That Town staff continue work with Caledon Equestrian Park Management Committee partners to identify future capital needs for the facility, and a strategy to improve revenues and reduce expenses; and
- That the Town requests audited financial statements from the Caledon Equestrian Park partner, the Equestrian Management Group, starting with the fiscal 2017 year-end.

Further, on June 5, 2018 following a complaint from a delegate related to CEP rentals, Council provided the following additional direction to staff:

- That Town Staff arrange a meeting with the Equestrian Management Group and delegate from May 29, 2018 General Committee regarding the facility rental bookings at the Caledon Equestrian Park and further concerns mentioned by the delegation on May 29, 2018 General Committee and report back to council.

Subsequent to this resolution, staff provided a memorandum to Council on June 26, 2018 providing an update that the financial audit had not been completed and the Council-requested meeting between staff, the Equestrian Management Group, and the delegate at the 29-May-2018 General Committee meeting regarding facility bookings at the
Caledon Equestrian Park has not been arranged yet. However, the Equestrian Management Group provided staff with a written response related to the 29-May-2018 delegation which was provided as correspondence to the meeting agenda which addressed the delegates concerns, therefore no further follow-up with the delegate was required.

**Equestrian Management Group’s Various Roles**

Based on previous delegations and comments on past staff reports/memos, there appears to be some confusion related to EMG’s role related to the Caledon Equestrian Park. The Equestrian Management Group’s role and involvement with the CEP can be characterized into three separate and distinct categories:

1) **EMG as the Long Term Lessor**

As noted earlier in this report, EMG has been hosting 18 Equestrian Events at this site since the late 1990’s in an effort to foster the Town’s equine/tourism economy and to promote the Town as an equine hub. When the Pan American/Para Pan American Games came to Ontario, EMG became a partner in the construction for the facility by contributing $1.7 million representing the first 20 years of a 40 year (long-term) lease. This long-term lease provides for the 18 Equestrian Events (now known as “Legacy Events”) to continue to be held in Caledon by EMG. More details of the Legacy Events is included in Schedule E.

2) **EMG as the Renter of the CEP and PCR**

Outside of the Legacy events, if the Caledon Equestrian Park or Palgrave Community Room is not otherwise booked, EMG may also rent the facility like any other resident, non-resident, community organization, or business.

Staff believe this is source of a disconnect between what the public believes the Town should be earning from the facility vs. what the Town is actually earning from the facility:

- These short-term rentals by EMG are generally related to an event that EMG, as a private company/renter, has chosen to host and promote.
- Like any private promoter of an event, EMG is merely renting out the CEP facility and/or the PCR and taking on all of the risks related to ticket sales, cost overruns from direct expenses related to the event/talent, weather cancellations, etc.
- The Town of Caledon’s risk is limited to the rental income while the promoter/renter (EMG in this case) bears the risks and potential rewards of a successful show.

If the Town took on the role of organizing and promoting events, the earnings from the CEP may substantially increase. However, the Town is also taking on the risk of potential losses from things like poor ticket sales, cancellation due to extreme weather, higher than
anticipated direct costs of running the shows/events. Accordingly, there is a trade-off between low risk rental income (the current model) and higher risk event revenue.

Under the current model, the risk is shifted and borne by renters of the CEP who pay the Town rental revenue and then organize and host events at the facility.

There was a request to obtain audited financial statements from EMG as the renter of the facility. This request respectfully declined by EMG as it is not a requirement of any renter of any Town facilities and contains financial information of a private/non-publicly traded company. That is, the Town does not routinely ask private residents or companies renting Town facilities to provide audited financial statements or tax returns.

In the spirit of co-operation, EMG did provide financial information and source materials, such as invoices, related to the operation of the CEP and PCR that are processed by EMG. Findings from a review of this information is noted later in this report.

3) **EMG as the Contracted Facility Operator of the CEP**

For the term of the lease, EMG has been contracted to Operate the equestrian facility on behalf of the Town and TRCA as this is a non-core business for a municipality and conservation authority. As the Facility Operator, EMG manages the day-to-day operations of the Caledon Equestrian Park, including booking/renting out the facility. It is expected that facility operators have the best interest of the Town in mind when renting out Town facilities. That is, ensuring that renters have adequate insurance in case there is damage and will not host events that are illegal or tarnish the image of the Town. As a long-term lessor and facility renter, EMG has additional motivation to ensure that potential facility renters abide by the Town’s policies, procedures and will not damage the CEP.

As part of the Town, TRCA and EMG agreement, net profits from the operation of the CEP facility are shared as follows:

- Up-to the first $100,000 of revenue sharing rent of the CEP facility is shared 50% each between the Town and TRCA
- The balance of the revenue sharing rent are shared one-third (1/3) each between the TRCA, Town, and EMG

**Options/Opportunities to Increase Revenues**

Staff reviewed the following options to increase revenues for the CEP:

- Option R1) Town of Caledon becomes an Event/Show Promoter
- Option R2) Increase Rental Rates
- Option R3) Other Opportunities

**Option R1 – Town of Caledon becomes an Event/Show Promoter**

As noted above, currently renters of the CEP for the purpose of holding events/selling tickets to the general public, like EMG, take on the risk and potential reward (e.g. profit)
related to the event. The Town’s current risk is limited to the collection of rental income. The lower risk is proportionate to the lower income/opportunity for income related to each event. That is the Town’s rental income is collected regardless of whether the event is successful or unsuccessful, or profitable/loses money, respectively.

The Town could take on more risk by becoming an organizer and promoter for events. This includes the Town securing vendors/talent for events, selling tickets, securing food/beverage vendors or catering, and other staff to assist/guide/direct and protect event goers. If the event is successful, the Town could earn more revenues than just rental revenues. However, if the event is not successful (e.g. weather cancellation, poor organization, lack of interest/low ticket sales), the Town may lose money on events. That is, cash would still need to be paid for the Town to promote/operate/host the event but cash collected from the event may fall short of what was paid out to host. Given the potential financial risk to the Town and the fact that organization of events and promotion of events for the general public to purchase tickets to attend is not a core Town business, Revenue Option R1 is not recommended.

**Option R2 – Increase Rental Rates for the CEP**

Current CEP rental rates are shown in the table below. Staff have compared current CEP rental rates to a number of equestrian facilities (see comparison in the Table below). The varying prices reflect the different amenities the facilities have as compared to the CEP. Overall, it appears that CEP rental rates are reasonable:

Table 1:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Comments</th>
<th>Arena size</th>
<th>Dates</th>
<th>Arena Rentals</th>
<th># of stalls</th>
<th>Stall Rentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>CALEDON EQUESTRIAN PARK (CEP)</td>
<td>- only has a small arena - very few stalls</td>
<td>115’ x 278”</td>
<td>May - Sept Oct - Apr</td>
<td>$2,000/day</td>
<td>No minimum (2019)</td>
<td>$100/stall/event (2019)</td>
</tr>
<tr>
<td>Orangeville Fairgrounds</td>
<td>109’ x 180’</td>
<td>$1,735/day</td>
<td>&lt; 20</td>
<td>$1,995/day</td>
<td>21-40</td>
<td>$70/stall/day</td>
</tr>
<tr>
<td>Barrie Fairgrounds (Essa Agriplex)</td>
<td>- no indoor arena - 7 outdoor rings - 400 stalls</td>
<td>Rental includes all 7 rings for the day</td>
<td>Apr - Dec</td>
<td>$1,500/day</td>
<td>No minimum</td>
<td>$40/stall/event</td>
</tr>
<tr>
<td>Lake Huron – REACH Huron</td>
<td>- indoor arena</td>
<td>108’ x 211’</td>
<td>*Rate varies based on day of the week</td>
<td>$400 - $600/day</td>
<td>Day stall rate</td>
<td>$20/stall/day</td>
</tr>
<tr>
<td>Newmarket – Royal Canadian Riding Academy (RCRA)</td>
<td>- good sized arena and some stalls</td>
<td>Year round</td>
<td>$1,250/day</td>
<td>No minimum</td>
<td>Overnight rate</td>
<td>$30/stall/day</td>
</tr>
<tr>
<td>Royal Winter Fair – CNE</td>
<td>- large scale – world class facility – heated – prime real estate</td>
<td>* Horse Palace and Coliseum are not set up for horse shows after the Royal Winter Fair in November. Charges would include conversion from an ice arena, for example, to a show ring at a very high cost. Rate would not be comparable.</td>
<td></td>
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</tbody>
</table>
Higher pricing for CEP rentals may result in events/shows going to other facilities. Accordingly, Revenue Option R2 is not recommended at this time.

Option R3 – Other Revenue Opportunities
Per discussions with EMG, the following other revenue options were considered:
  o Winter Events/Rentals – Including Legacy Events, the CEP facility is booked, on average, 105 days of the year. In order to increase rental revenues the indoor arena could be rented out in the winter. However, the indoor arena is currently not heated and such a use would require a proper sub-floor to be installed in the arena. Also, for potential renters/event organizers, hosting events in the winter is riskier as there is higher chance of inclement weather (e.g. snowstorm) resulting in poor ticket sales/cancellation of the event.
  o CEP Wedding Rentals – the CEP is booked, under long-term lease, during prime wedding season in the summer/fall to host the legacy equestrian events outlined in the lease. Winter/Spring weddings would require further and potentially significant Town capital investment to the indoor arena as noted above.
  o Additional Tenant Revenue – The CEP could house other tenants that would be complementary and potentially continue to grow the equine industry in Caledon such as a veterinary office, head office for an equestrian association, on-site location for a post-secondary institution with courses complementary to the equine industry. These additional uses could result in additional revenue from the CEP. Current zoning of the CEP does allow accessory uses such as a business offices, veterinary hospitals, restaurants, retail stores etc. However, such uses would also require additional capital investment into the CEP and to date, no such interest has been expressed to the Town by outside organizations.
  o Additional PCR Revenue – Recreation staff report that PCR bookings are increasing; from 63 bookings in 2017, to 78 bookings 2018 and over 80 in 2019. Further Recreation staff report that they have successfully have implemented Tai Chi and Yoga classes at the PCR and the PCR is now home to an EarlyON Centre (Region of Peel and Caledon-Parent Child Centre) on Wednesday mornings. Other bookings and revenues include the Palgrave Scouts, the Town of Caledon (for meetings, training and public information centres), and by private residents wishing to host funeral receptions, baby showers and holiday parties.

None of the options investigated to increase revenues for the CEP are recommended to be implemented at this time. The options/opportunities would require the Town to take on more risk of operating losses or additional capital investment in the facility and likely result in higher operating expenses. However, staff will continue to work with both EMG and the TRCA to investigate revenue opportunities for the CEP as they arise.

To date, the Town has not made additional capital investments in the CEP facility since construction. However, in 2016, EMG and TRCA contributed capital to make additional improvements to the footings at the CEP in the amount of $580,145 which were intended
to enhance the marketability of the CEP and to attract more events/revenues for the CEP. The CEP lease agreement requires that EMG maintain and repair the CEP, meaning that only strategic investments that would improve the communities enjoyment of the facility or provide additional revenue to the Town would be brought forward for Council’s consideration.

**Options/Opportunities to Decrease Expenses**

As part of Council direction, staff also reviewed expenses related to the operation of the Caledon Equestrian Park (indoor and outdoor facilities) and the Palgrave Community Room (physically located within the CEP). Being a shared facility, the Town pays for expenses that should be recovered from EMG and EMG pays directly for expenses that should be allocated to CEP or should be recovered from the Town related to the PCR. The following findings resulted from a detailed expense review:

a) **Understatement of utility expenses related to PCR** – EMG has not been charging the Town the proportionate share of utility costs for the PCR. Based on a review of invoices provided by EMG, square footage of the PCR, and usage history of the PCR, Town staff determined that utility charges from EMG were understated by $7,347, $6,384, and $5,724 for 2016, 2017, and 2018, respectively (e.g. EMG “undercharged” the Town related to PCR utility costs over these years). This correction, along with a re-stated revenue/expense summary for the PCR is available in Schedule F of this report. As part of this review, the reporting of revenues of the PCR was also corrected to reflect PCR as a separate “entity” for financial reporting purposes even though it is physically located within the CEP facility. This re-statement is also shown in Schedule G for PCR and Schedule F for CEP.

b) **Expenses and Recoveries related to EMG’s rental of the PCR** – Also, as part of this review, Town staff clarified with EMG that all usage of the PCR should be properly accounted for separately as part of PCR books. Previously, the PCR costs/revenues were netted from CEP revenues/net revenues which are shared amongst the partners (TRCA and potentially EMG). EMG has agreed to clarifying the accounting for their rental of the PCR and has also identified a potential over-recovery by the Town related to EMG’s rentals of the PCR. These re-statement’s are shown in Schedule G for PCR and Schedule F for CEP.

Normally when the PCR is rented out, the rental contract outlines the equipment and set-up instructions requested by the renter. Recreation facilities staff, located at the Caledon Centre for Recreation & Wellness (CCRW), travel to the Palgrave Community Room, unlock the doors and set up the room based on the renter’s request. Once the rental is over, CCRW staff return to the PCR put away the equipment, clean the floors, garbage’s, windows and other cleaning routines.
When EMG rents out the PCR for their legacy and non-legacy events, EMG staff complete all set-up, take-down, and clean-up of the PCR as part of their event work on the CEP facility side. This results in cost savings for the Town (e.g. staffing costs, travel). Accordingly, staff recommend a reduced rate for EMG’s rental of the Palgrave Community Room:

- The proposed rate deducts an average cost of two hours of staff time per day estimated;
- The regular 2019 daily rental rate of $239.29. Two hours equates to $41.62
- Accordingly, the proposed EMG rental rate for the PCR is $197.67 (= $239.29 - $41.62) for 2019.

With the adjustments proposed above, the Town still owes EMG approximately $1,800 in utility costs in 2017. The exercise of reviewing source documents and determining a fair allocation of costs relating to a shared space has been administratively burdensome and resulted in an immaterial/or minor financial impact, i.e. $1,800, overall. Accordingly, staff have negotiated with EMG and recommend that in lieu of a two cheque exchange (e.g. Town to pay EMG for additional utility costs related to PCR and EMG to pay Town for additional rental of PCR), staff and EMG will continue to track the revenues and utilities and make adjustments if there is a +/- $5,000 difference in any year. EMG has agreed not to charge the Town the additional utility costs subject to the ongoing monitoring.

c) Property Taxes related to the CEP – The Town has $17,910 in supplementary property taxes from previous years. In 2018, the CEP was fully assessed by the Municipal Property Assessment Corporation (MPAC) and taxes of $87,406.67 was calculated for the CEP facility. Town staff recommend declaring the CEP as a Municipal Capital Facility due to the use of the facility/benefit to the community (see more details of this in the Municipal Capital Facility section of this report). If successful, the Town will reduce CEP expenses by approximately $80,000 per year.

Audit
EMG provided back-up/source documents to support 2017 CEP financial statements. The results of staff’s analysis of the information, in addition to internal (booking) information are outlined in other sections of this report and may be summarized as follows:

- accounting has been clarified for EMG’s use of the PCR for legacy and non-legacy events;
- EMG has been under-charging the Town for PCR utility costs; and
- a lower PCR rental rate for EMG is recommended based on approximately 2 hours of staff time savings related to PCR set-up and take-down/clean-up not required related to EMG bookings.
Due to the additional information received internally and from EMG, a detailed review of processes, bookings, and source documents, in preparation of this report, staff do not recommend proceeding with an external audit of the 2017 financial statements. The estimated cost of an audit, approximately $5,000+, is not anticipated to yield more useful information related to the revenues and expenses of the CEP facility.

Further, as described in the “Equestrian Management Group's Various Roles” section of this report, an audit of EMG, in the role as renter of the CEP/PCR and organizer/promoter of events at Town facilities, would not be possible. Like any business or private resident renting out a Town facility for a function/event, the Town does not have a right to see and audit the private business/resident’s financial statements.

**Municipal Capital Facility**

In 2018 the CEP was fully assessed by MPAC and the resulting property taxes amount to $87,406.67. According to MPAC, the CEP property is fully taxable under the *Assessment Act* and its regulations. Previous to 2018, the property had been classified as exempt, in 2018 MPAC changed the classification to be taxable due to the recent building added to the park.

The property at 200 Pine Avenue, known as the Caledon Equestrian Park is owned by TRCA, the buildings are owned by the Town and the facility is operated by EMG that facilitates the use of the building for the public. The purpose of the CEP is to provide a facility to the residents and businesses of Caledon that promotes Tourism and provides world class equestrian amenities. The CEP facility is an important cultural and tourism contributor to the Town and the local economy. This type of service is better offered by the private sector as they are more efficient at operating an equestrian centre than the municipality would be. These properties are leased by the Town of Caledon and EMG from the TRCA. It is currently assessed by the Municipal Property Assessment Corporation (MPAC) as taxable. In order to exempt the CEP from property taxes, it is recommended that Council pass a resolution declaring the CEP to be for public use and to pass a by-law designating it a Municipal Capital Facility and exempt from taxation. The Town could then apply to MPAC for the exemption from property taxes for the properties listed on Schedule D, under Section 110 of the *Municipal Act, 2001*. This resulting exemption will allow the organization to continue to provide a value added service to the community.

Section 110 (6) of the *Municipal Act, 2001* provides that the council of a municipality may exempt from all or part of the taxes levied for municipal and school purposes, land or a portion of it on which municipal capital facilities are or will be located. Ontario Regulation 603/06 provides that municipal facilities used for municipal community centres as well as cultural, recreational or tourist purposes are eligible capital facilities.
The land on Schedule D is leased from the TRCA by the Town and EMG and used for Tourism and recreation. Currently the Town pays property taxes on these properties as the Municipal Property Assessment Corporation assesses the land as subject to taxation as it does with all tenancies. To eliminate this tax liability, an exemption by-law is recommended under Section 110 of the Municipal Act. This would provide the same tax treatment for these properties as if they were owned by the Town and used for the same purposes. There is a possibility of minor adjustments made to the agreement on Schedule D prior to execution based on discussions with TRCA. Staff request authority to make technical changes to the Municipal Capital Facility agreement on Schedule D.

In accordance with the legislation, a copy of the approved by-laws shall be forwarded to the MPAC, the Minister of Finance as well as the Clerk at the Region of Peel and the Secretary of the four local school boards.

FINANCIAL IMPLICATIONS

The CEP facility was constructed in 2015 for the Pan Am Games. Shortly following construction, TO2015 had exclusive use of the facility until approximately August 10, 2015, per the Agreement. Following TO2015’s exclusive use period, EMG’s events, per the lease, ended towards the end of September 2015. Accordingly, the brand new facility (at the time) was available for rental approximately three (3) months in 2015 and there was no profit sharing in 2015.

The first full year of operations for the CEP was 2016. The financials from the full full year of operations was provided by EMG on March 1, 2017 and is attached to this report as Schedule A. In summary, gross revenues for the CEP rentals (excluding the legacy events) totaled $60,310 in 2016 and expenses totaled $51,765. A net profit of $8,545 (= $60,310 - $51,765), is shared between the Town and TRCA at $4,272.50 per organization. Table 2 shown below shows the rental revenues from 2016-2018 restated for changes reflected in Schedule F. The Town’s share of rental revenues for the CEP have increased in 2018 from 2017. Property tax expenses are excluded from the summary below and 2016 does not reflect the changes relating to the PCR discussed above in the report.
Table 2:
Caledon Equestrian Park
Summary of Partnership Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>60,310</td>
<td>36,955</td>
<td>29,200</td>
</tr>
<tr>
<td>Expenses</td>
<td>51,765</td>
<td>32,726</td>
<td>18,635</td>
</tr>
<tr>
<td><strong>Net Partnership Revenue</strong></td>
<td><strong>$8,545</strong></td>
<td><strong>$4,229</strong></td>
<td><strong>$10,565</strong></td>
</tr>
</tbody>
</table>

**Revenue sharing partners**
- Town of Caledon (TOC) 50%: 4,273, 2,115, 5,283
- Toronto and Region Conservation Authority (TRCA) 50%: 4,273, 2,115, 5,283

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$8,545</strong></td>
<td><strong>$4,229</strong></td>
<td><strong>$10,565</strong></td>
<td></td>
</tr>
</tbody>
</table>

COUNCIL WORK PLAN

Subject matter is not relevant to the Council Workplan.

ATTACHMENTS

- Schedule A – EMG 2016 Financial Statements
- Schedule B – EMG 2017 Financial Statements
- Schedule C – EMG 2018 Financial Statements
- Schedule D – Municipal Capital Facility Agreement
- Schedule E – Legacy Events
- Schedule F – Restatement of CEP Financials and Partnership Revenue 2016-2018
- Schedule G – PCR Financial Summary 2016-2018