



## Recommendation Report

To: Board of Trustees

Date: April 4, 2023

From: M. Cuthbert

**Re: HWT Transition - Future Funding**

### Recommendation

That the HWT Board of Trustees secure future funding for the Hamilton Waterfront Trust, so that they will be in a position to maintain business operations during the City's study for Options for the Future Operations, Programs & Services of the HWT and the transition phase as directed by City Council on March 29, 2023.

### Background

City Council at its meeting of March 29, 2023 received the following motion put forth by the General Issues Committee of March 22, 2023.

1. Hamilton Waterfront Trust - Options for Future Operations, Programs & Services (FCS23029) (City Wide) (Item 8.1)
  - (a) That City of Hamilton – Hamilton Waterfront Trust Future Options – Final Report by KPMG dated November 29, 2022, attached as Appendix “A” to Report FCS23029, be received;
  - (b) That a detailed review of the following two business models for the Hamilton Waterfront Trust future operations be undertaken as follows:
    - (i) A joint model whereby the management and operations of programs and services are delivered by the Hamilton Waterfront Trust and the City of Hamilton;
    - (ii) Winding up the Hamilton Waterfront Trust, inclusive of a recommended process founded on the City of Hamilton assuming the responsibility for existing programming and services delivered by the Hamilton Waterfront Trust.
  - (c) That Council approve a single-source procurement, pursuant to Procurement Policy #11 – Non competitive Procurements, for a detailed review of the two business models for Hamilton Waterfront Trust operations and that the General Manager, Finance and Corporate Services Department be authorized to negotiate, enter into, and execute the extension and any ancillary documents required to give effect thereto with KPMG LLP, and other external expertise, in a form satisfactory to the City Solicitor;

- (d) That staff report back to City Council on the preferred model and the cost including the resources necessary to deliver the programs and services required.

At the General Issues Committee on March 22, 2023, city staff noted that this detailed review would be complete by the end of 2023 or the beginning of 2024.

Possible Sources of Funding:

1. The city provides an operating fund that the HWT can draw on when cash shortages exist to remain solvent. This fund must be accessible by the HWT on an as needed basis with immediate access to the funds.
2. The city advances all funds owed to the HWT immediately. This would include the Receivable that the city owes the HWT for the buyout of the lease in 2018 for 57 Discovery Drive. Currently, the HWT receives an annual installment of this receivable in the amount of \$166,000 per year, up to 2032. The approximate value of this receivable is approximately \$1.5 million.

The HWT currently has cash reserves to meet its obligations in the short term, however, without a new funding source becoming available to the Trust, the possibility of going into default on some of its commitments is a very real possibility.

In order to ensure that the HWT operations continue, funding must be available by September 1, 2023 at the very latest as this is when most of our business units start to reduce thereby reducing our cash flow. Most of our operations after labour day are weekends only until Thanksgiving.

/mc