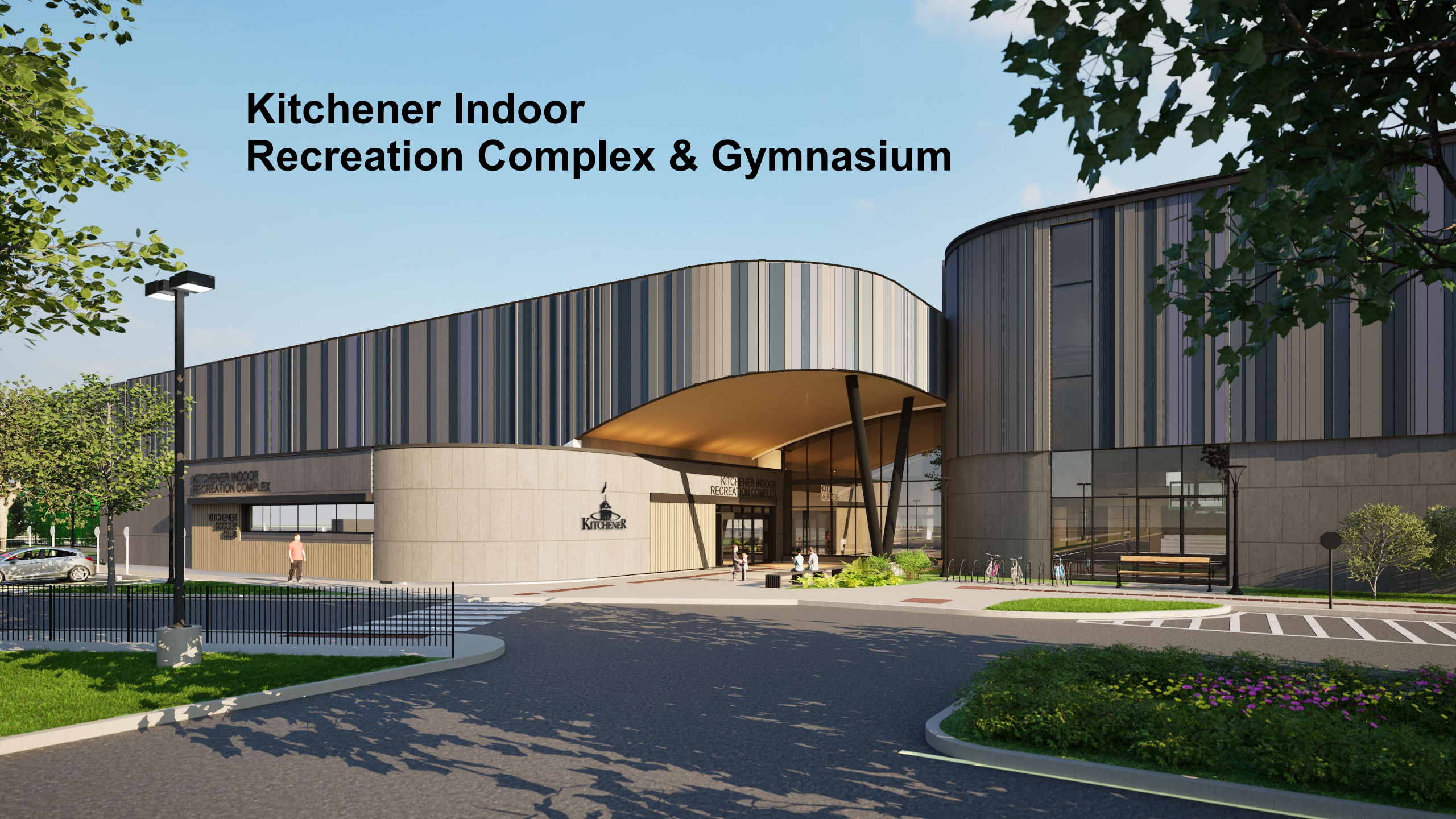


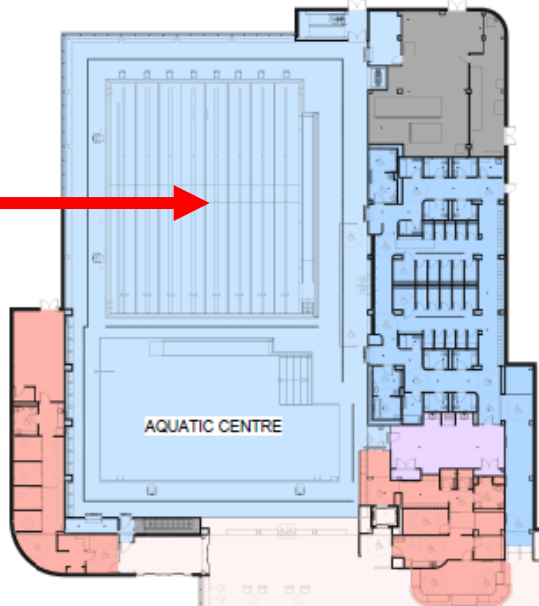
Kitchener Indoor Recreation Complex & Gymnasium



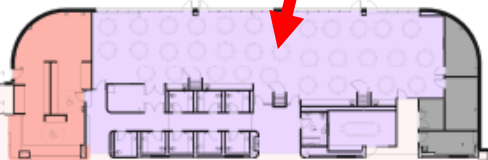
Quad Gym @ Schlegel Park

- 33,800 sq. foot gym that would include:
 - 4 multipurpose courts – pickleball, basketball, volleyball, badminton
 - 40 ft ceilings, competition level flooring for provincial and national tournaments
- Gym expected annual attendance (year one) = 150,000 – 200,000
 - KIRC annual attendance (year one) = 380,000 – 400,000
- Future tournament destination – significant economic benefits for local businesses, and direct revenue to the city.

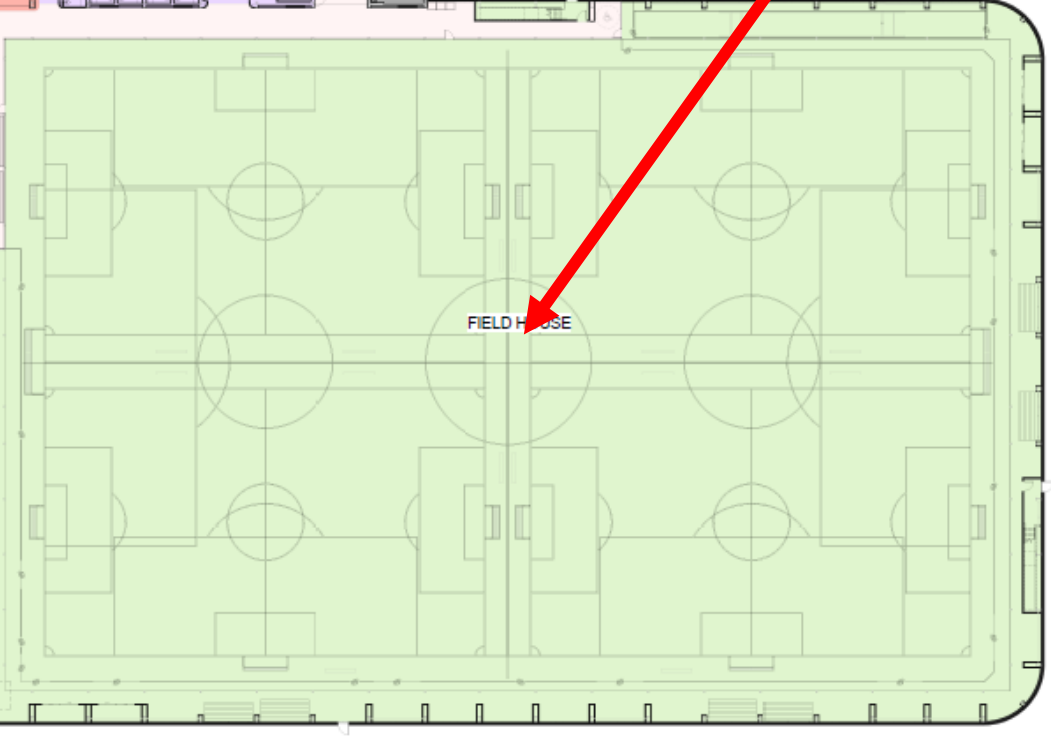
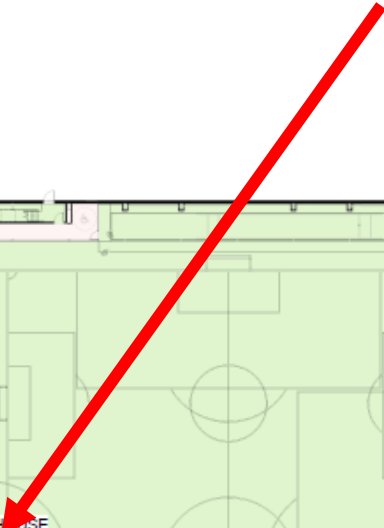
**Aquatics Centre
(2 pools)**



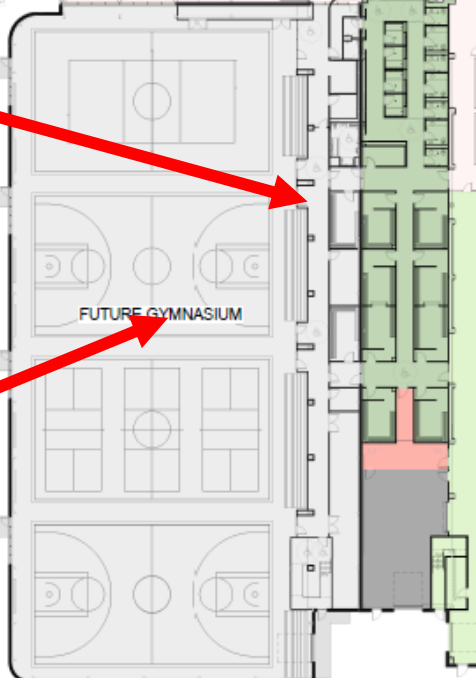
**Multi-Purpose Rooms
(4 rooms)**



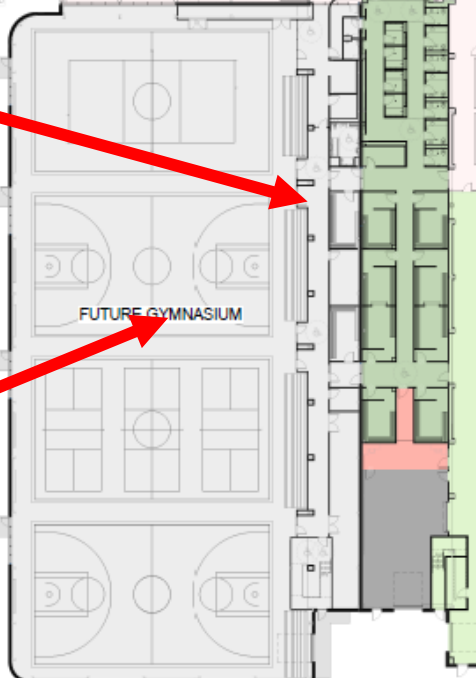
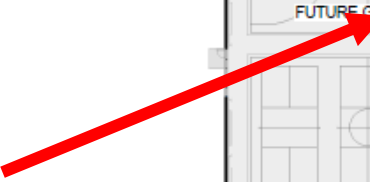
**Indoor Turf
(4 fields)**



**Cricket Batting Cages
(2 cages)**



**Gymnasium
(4 gyms)**







Background: Gym Funding

City Council Direction (September 2024)

- Directed staff to apply for Federal and Provincial grants (\$10M each)
- Authorized staff to issue up to \$20M in debt (depending on grant amounts received)

Federal & Provincial Grants Update

- Positive response received so far
- No decisions at this time
- Decisions from Federal and Provincial governments now delayed

Construction on KIRC now at a point where a decision must be made re: gym in order to remain on schedule for summer 2026 opening.

Recommendations re: Gym Construction

Recommendation #1

Use a two-phased approach to building the gym (Phase 1 = shell, Phase 2 = interior)

Recommendation #2

Utilize \$20M in debt funding Council already approved to fund Phase 1 of gym now.

Recommendation #3

Advocate with the federal and provincial governments to do their part and provide grants requested so we can complete the gym.

Benefits of Two-Phased Gym Construction

- 1. Enables gym construction to get underway, avoiding cost escalations and delays in opening.**
 - Cost escalations = \$4-9M or more depending on length of the delay
 - Opening of KIRC/gym/both delayed by months if construction does not begin now
- 2. Provides cost certainty and reduces potential cost escalations due to external factors (e.g. potential tariffs/counter-tariffs)**
 - Allows team to lock in costs for known elements – reducing risk of future increases
 - Uses trades already onsite to continue their work without having to re-mobilize later
- 3. Allows work to proceed while providing more time for federal/provincial government to make decisions on City's grant applications.**

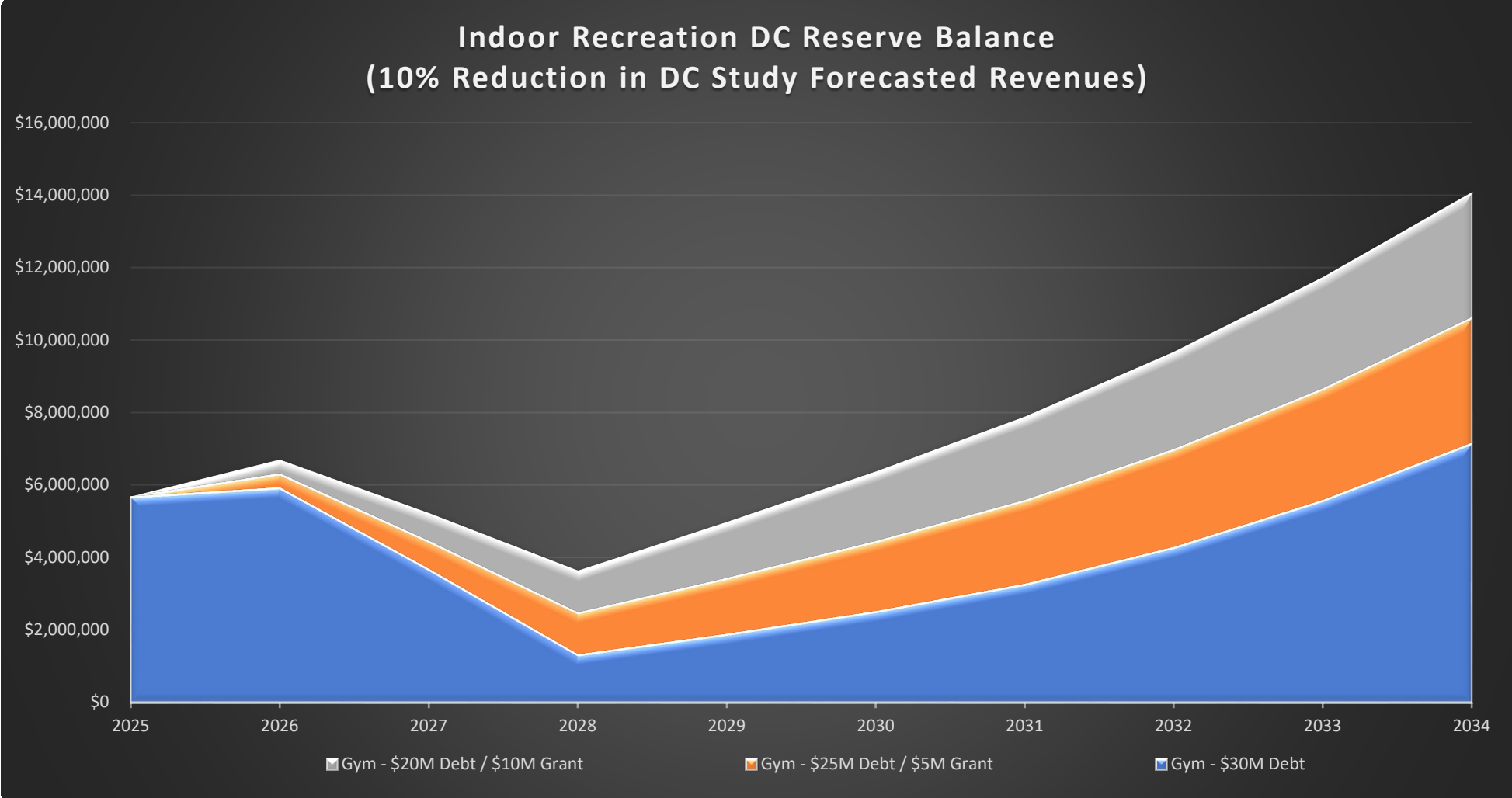
Financial Analysis

- Sensitivity analysis for indoor recreation DC revenues has been completed

Key Findings:

- Indoor Recreation DC Reserve should be able to fund anticipated debt costs
- As always, it would be preferable to reduce City's share of costs through federal/provincial grant funding
- Undertaking the gym now will eliminate ability to fund other indoor recreation priorities for next 10-15 years
 - Previously shared with Council when initial KIRC debt was approved

Indoor Rec DC Revenues



Financial Risks

- There are a number of financial risks City Council should be aware of before making a decision on how to proceed with construction of the gym:

Potential tariffs / counter-tariffs	<ul style="list-style-type: none">• IPD Team already working to mitigate• Phased gym construction mitigates some risk
Future changes to DC legislation	<ul style="list-style-type: none">• Potential changes after provincial election
Fed/Prov grant programs could be canceled after elections	<ul style="list-style-type: none">• Advocating for a fast decision on grant request
City's overall debt levels	<ul style="list-style-type: none">• Forecasted revenues show need to issue debt for other service areas

City's Overall Debt Levels

- City's overall debt levels would remain well below the Province's 25% annual repayment limit and below the City's own debt policy maximum of 10%.
- Potential to limit the financial flexibility / ability to use debt for other future City initiatives.

	Annual Debt Limits	% Own Source Rev
2024 Annual Repayment Limit (ARL)	\$ 111,743,261	25.0%
Kitchener Debt Policy Repayment Limit	\$ 44,697,304	10.0%
	Annual Debt Charges	% Own Source Rev
Forecasted Non-DC Debt Charges	\$ 15,615,643	3.5%
Forecasted DC Debt Charges	\$ 18,624,637	4.2%
Total Forecasted Debt Charges	\$ 34,240,280	7.7%

Community Benefits

- New indoor court space fills a significant need in the community
- Gym annual attendance = 150,000 – 200,000
- Supports fast growing sports like basketball, volleyball, pickleball & cricket (youth and adult)
- Significant economic benefits for local businesses – future tournament destination
- Building gym with KIRC saves the City millions vs. building it as a standalone facility, or at a later date

