

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Meeting #9/19, Friday, November 01, 2019

FROM: Derek Edwards, Director, Parks and Culture

RE: **LEASE AGREEMENTS WITH TREETOP TREKKING INC.**

KEY ISSUE

Based on the success of the existing lease agreements with Treetop Trekking Inc., Toronto and Region Conservation Authority (TRCA) proposes the following three modifications: (1) An amendment to the lease agreement at Heart Lake Conservation Area (Heart Lake), (2) An initiation of a lease agreement for development of an Adventure Park at Petticoat Creek Conservation Area (Petticoat Creek) and (3) An extension of lease agreements for both Heart Lake and Bruce's Mill Conservation Area (Bruce's Mill).

RECOMMENDATION

THE EXECUTIVE COMMITTEE RECOMMENDS THAT WHEREAS TRCA is currently leasing lands at Heart Lake and Bruce's Mill to Treetop Trekking Inc. expiring in 2023 and 2024, respectively;

AND WHEREAS TRCA received a proposal from Treetop Trekking Inc. regarding an expansion to the Treetop Trekking Inc. park at Heart Lake to include a Treewalk Village, and a new Adventure Park to be created at Petticoat Creek premised on the same conditions outlined in Resolution A261/12 previously approved by the Board of Directors on January 25, 2013, which would require an amendment to the lease agreement;

AND WHEREAS Treetop Trekking Inc. has requested an extension of five years to the lease agreements at both Heart Lake and Bruce's Mill;

THEREFORE, LET IT BE RESOLVED THAT subsequent to the outcome of TRCA related to the proposed facilities reviews , that TRCA be permitted to negotiate and amend the existing lease agreements with Treetop Trekking Inc..

THAT TRCA extend the existing lease agreements with Treetop Trekking Inc. at Heart Lake and Bruce's Mill by five years;

AND FURTHER THAT authorized TRCA officials be directed to take whatever action may be required, including the obtaining of necessary approvals and the signing and execution of any documents.

BACKGROUND

TRCA intends to attract users to its facilities to achieve health and wellness benefits for the community, while potentially generating revenues to offset expenses.

Treetop Trekking Inc. is part of a larger group called Aux Deux Moulins Development Inc. (ADMD). ADMD is the Canadian leader of adventure parks within forested environments. ADMD

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owns and operates 11 adventure parks between Ontario and Quebec: five Arbraska (QC) parks, six Treetop Trekking (ON) parks, including two on TRCA lands (Heart Lake and Bruce's Mill).

Treetop Trekking Inc. has a very experienced park design, construction and operating team with a proven track record of planning, building and operating world-class aerial parks. Treetop Trekking has designed and developed 11 zip line and aerial game parks in Canada over the last 14 years, all of which are operating successfully today.

All Treetop Trekking Inc. parks are designed to have as little disturbance as possible on the surrounding ecosystem. The success and sustainability of their parks depend on the health and well-being of the natural surroundings and they have taken environmental protection into consideration at all stages of facility design and operation.

Treetop Trekking Inc. provides inclusive outdoor activities for all ages and abilities. High ropes adventure courses and zip line parks have become one of the most popular outdoor adventure activities in the country that can be enjoyed by the whole family. Visitors can experience an exciting adventure at the tops of the trees, while enjoying the forest from unique vantage points. High ropes adventure courses and zip line parks continue to be emerging trends in adventure tourism travel.

Heart Lake

The Treetop Trekking park located at Heart Lake has activities for Ages 9 and older and would greatly benefit from activities that cater to a wider age range. Currently, the site includes five Aerial Courses: two beginner, two intermediate and one advance level course. Participants hook onto a safety harness from the ground and stay attached during the entire course until they return to the ground.

Heart Lake is also the home to the Red-Tailed Hawk Observation Course. Participants walk across a series of stable bridges leading from one observation platform to the next within the forest canopy. Although this course reaches heights of up to 60ft in the air, this adventure is less physically demanding than the Zip Line and Aerial Game Treks so participants can enjoy the natural surroundings with ease.

The Great Blue Heron Ziplines is a dual 1,000ft zip line structure that allows participants to travel across Heart Lake, as shown in *Attachment 1 – Figure 1*.

Bruce's Mill

The Treetop Trekking park located at Bruce's Mill Conservation Area has activities for all ages. It includes six aerial courses: two beginner, two intermediate and two advance level courses. It also includes the 600ft long Monarch Zipline for Ages 9 and older.

This park also has three Discovery Courses tailored for Ages 5 and older. The participants are hooked onto a safety harness throughout the duration of the course with the help from staff. Also, there is a Treewalk Village for all ages that includes 12 tree houses that young people can explore.

At Authority Meeting #11/12, held on January 25, 2013, Resolution #A261/12 was approved as follows:

WHEREAS Toronto and Region Conservation Authority (TRCA) has invited proposals to enter into a lease of lands for a high ropes adventure course and zip line at Heart Lake

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Conservation Area, City of Brampton, Peel Region; Kortright Centre for Conservation, City of Vaughan, York Region; Bruce's Mill Conservation Area, Town of Whitchurch-Stouffville, York Region; and Bolton Camp, Town of Caledon, Peel Region;

AND WHEREAS TRCA received proposals from proponents to enter into a lease of lands for a high ropes adventure course and zip Line at the Heart Lake Conservation Area, Kortright Centre for Conservation and Bruce's Mill Conservation Area;

AND WHEREAS it is in the opinion of TRCA, that it is in the best interest of TRCA to further its objectives as set out in Section 20 of the Conservation Authorities Act, to enter into a lease agreement with Treetop Trekking Inc.;

THEREFORE LET IT BE RESOLVED THAT TRCA enter into a lease of lands with Treetop Trekking Inc. for purposes of a high ropes adventure course and zip Line at Heart Lake Conservation Area, Concession 2 East of Centre Road, Part of Lot 15; Kortright Centre for Conservation, Vaughan, Concession 7 Part of Lot 19; and Bruce's Mill Conservation Area, Markham Concession 5 Part of Lot 30;

THAT the lease arrangement with Treetop Trekking Inc. be premised on the following:

- (i) the term of the lease will be five years with option for a five-year renewal, with same terms and conditions, pending approval by both parties;*
- (ii) the minimum rental rate is to be \$69,600.00 annually each for Heart Lake Conservation Area and Kortright Centre for Conservation, and \$30,000 annually for Bruce's Mill Conservation Area, plus a minimum of 7% of gross revenue;*
- (iii) Treetop Trekking Inc. shall be solely responsible for all costs and approvals associated with the installation, maintenance, operation, programming and repairs of the facilities, including TSSA (Technical Standards and Safety Authority) approval, insurance and any other documentation required by TRCA;*
- (iv) any other terms and conditions deemed appropriate by TRCA staff and solicitor;*

THAT appropriate internal reviews including archaeology and ecology are to be carried out at Kortright Centre for Conservation by TRCA, prior to a decision to proceed with the project;

AND FURTHER THAT authorized TRCA officials be directed to take whatever action may be required to implement the lease, including the obtaining of necessary approvals and the signing and execution of any documents.

RATIONALE

Heart Lake

It is proposed that TRCA amend the lease agreement with Treetop Trekking Inc. at Heart Lake in order to design and develop a Treewalk Village, as shown in *Attachment 2 – Figure 2*. This will diversify the offerings to accommodate younger customers, as well as customers with special needs,

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(i) *Proposed Changes to Lease Area*

Treetop Trekking Inc. has identified an area of the property at Heart Lake that is ideal for a Treewalk Village, that is outside of their currently leased area. As displayed in *Attachment 3 – Figures 3 and 4*, it is proposed that TRCA exchange a section of the currently leased area with the new desired section of property in the lease agreement. The current lease area is 33,482 square meters, whereas the new lease area will be approximately 26,122 square meters. It is also both closer to the existing Treetop Trekking Inc. base of operations including the administrative centre as well as being highly visible from the main parking lot and aquatic facility.

Currently, Treetop Trekking Inc. at Heart Lake has activities for Ages 9 and older. A Treewalk Village would open the facility to kids of all ages. This new area would complement the current use of Heart Lake by offering new activities and venues for existing and new visitor types. It would also grow the current operation and make the lease agreement between the TRCA and Treetop Trekking Inc. more financially sustainable.

(i) *Layout and Development of Leased Area*

Treewalk Village is an outdoor fenced area with several ground and elevated activities in a forested area. It is a place where kids can be kids, and parents can rest assured their kids are having fun in a safe and controlled environment. It can accommodate a large capacity of users with very low staffing needs. There is no start or end point like an aerial course. Once off the ground all activities are enclosed so there is no need for a safety harness or tethering system.

As displayed in *Attachment 4 – Figure 5*, the map shows the proposed area for the new Treewalk Village outlined in green. The village would be visible from the parking lot and is close enough to the aquatic facility that customers can participate in both activities with ease.

The centerpiece of any Treewalk Village is a network of colourful tree houses connected by net walkways, ramps and slides. Existing Treewalk Villages range from 7 to 15 tree houses. The Treewalk village at Heart Lake would include approximately 14 tree houses. It would include two clusters of treehouses with small activities in between. Within Treewalk Village there would be clear designated pathways to ensure that visitors stay on the paths and reduce impact within the village. Secondary activities within a Treewalk Village area include: an obstacle course, tunnels, climbing walls, balance activities, and more.

This would allow the public to experience the Heart Lake property in another unique and engaging way.

Petticoat Creek

Treetop Trekking Inc. is excited about the opportunity to build a one-of-a-kind Canadian themed Wondernet (net structure apparatus) interactive experience for visitors at Petticoat Creek.

This facility would complement TRCA's current use of the property by offering a new tourism draw and value-added activities for existing and new visitors. By offering exciting new nature-based activities to nearby residents and visitors of Petticoat Creek, it would allow the public to experience the property in another unique and engaging way. Also, it would create a new and exceptional educational opportunity for school and community groups.

(i) *Proposed Lease Area*

TRCA and Treetop Trekking Inc. has identified an area of the property at Petticoat Creek that is ideal for a Wondernet experience that is approximately 35,000 square meters. As displayed in *Attachment 5 – Figure 6*, this initiative would not negatively impact TRCA's current use of the property. Please refer to *Attachment 6 – Figure 7* for photographs of a Wondernet installation.

(ii) *Layout and Development of Leased Area*

Treetop Trekking Inc. would like to install a Wondernet installation at Petticoat Creek with a proposed opening date of May 2020. The Wondernet installation would be a Canadian themed experience that would include a variety of interactive experiences including, a netted course in the trees, netted slides, Tree Wee courses, and additional education activities. The Canadian themed park would include various educational components directly linked to the Ontario curriculum, including, survival and skills, knot tying, and renewable energy. This would be the first such park in North America.

Extension of Existing Leases

It is proposed that TRCA extend the lease agreement with Treetop Trekking Inc. at Heart Lake and Bruce's Mill by five years. TRCA is currently in year six of a five plus five-year lease agreement for Heart Lake and year five of a five plus five-year lease agreement for Bruce's Mill. Adding an additional five years would provide a level of capital investment security to Treetop Trekking Inc. and provide TRCA with essential operating revenues for the duration of the agreements.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategies set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 3 – Rethink greenspace to maximize its value

Strategy 7 – Build partnerships and new business models

Strategy 10 – Accelerate innovation

FINANCIAL DETAILS

In 2018, TRCA derived \$319,880 in revenue from Treetop Trekking Inc.'s operations at Heart Lake and Bruce's Mill, which was comprised of base rent and a commission on gross sales (9%). By permitting the company to build a Treewalk Village at Heart Lake and an Adventure Park at Petticoat Creek, TRCA anticipates that TRCA's annual revenue derived from Treetop Trekking Inc.'s operations would increase to over \$400,000 in 2020 and over \$500,000 in 2022. Treetop Trekking Inc. is responsible for all costs associated visits to the development, design, permitting, construction, maintenance and operations of the leased lands and helping to promote TRCA properties.

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Attachments: 7

Attachment 1: Figure 1 Photograph of Zipline at Heart Lake Conservation Area

Attachment 2: Figure 2 Photographs of Treewalk Village

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Attachment 3: Figure 3 Current Treetop Trekking Lease Area (approximately 33,482 square metres) and Figure 4 Proposed Amended Treetop Trekking Lease Area (approximately 26,122 square metres)

Attachment 4: Figure 5 Proposed area for the new Treewalk Village

Attachment 5: Figure 6 Proposed area at Petticoat Creek Conservation Area for Wondernet

Attachment 6: Figure 7 Photographs of the Wondernet experience