

HALIFAX

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Item No. 15.1.2
Halifax Regional Council
March 5, 2019

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: February 25, 2019

SUBJECT: Lake District Recreation Association Contribution and Service Agreement

ORIGIN

November 13, 2018 Regional Council motion:

MOVED by Councillor Craig, seconded by Councillor Outhit that Halifax Regional Council:

Direct staff to prepare a report to respond to a request from the Lake District Recreation Association (letter attached to Councillor request form dated May 15, 2018) for HRM to renew their Service Agreement and annual funding. **MOTION PUT AND PASSED UNANIMOUSLY**

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Section 79 (1)

- (1) The Council may expend money required by the Municipality for:
 - (av) a grant or contribution to
 - (v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province,

Halifax Regional Municipality Charter, Section 75(1):

(1) The Municipality may agree with any person for the provision of a service or a capital facility that the Municipality is authorized to provide.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve entering into a five-year Contribution and Service Agreement with the Lake District Recreation Association with annual funding of \$50,000 subject to HRM's annual budget approval process; and

Recommendations continued on page 2

2. Direct the Chief Administrative Officer, or his delegate, to negotiate and execute a Contribution and Service agreement on behalf of the Municipality with the Lake District Recreation Association that, in the opinion of the Chief Administrative Officer or his delegate, achieves the outcomes identified in this report.

BACKGROUND

The Sackville and District Community Arena (SADCA) was constructed in 1971 and is owned and operated by the Lake District Recreation Association (LDRA). LDRA is a registered not for profit society and provides recreational activity and community events to the Sackville and area community.

The SADCA has seating capacity for 1,200 spectators and is used extensively throughout the year. It is home to the Sackville Minor Hockey Association and the local Junior B Hockey Team. The arena also hosts three area high school hockey teams. Summer usage includes lacrosse, Royal Canadian Sea Cadets and Royal Canadian Army Cadets. The facility also provides free weekly community access to local musicians. The facility is also utilized year-round for various community and family events, as well as patron and public meetings.

Facility Condition

Historically, the LDRA has completed significant capital projects to the facility to ensure the facility operates in a safe and cost-effective manner, thus continuing to serve the community's needs. In 2004, snow loads became a concern for arenas similar to the age and construction of facilities like the LDRA. As such, a major structural reinforcement was completed to this facility. The cost was in the range of \$980k and was funded through a combination of Provincial and Municipal grants (\$350k), fundraising, and a bank loan that has since been repaid by LDRA. Additional upgrades included: accessible sliding entrance doors, new arena lighting and rubber mat flooring throughout the facility.

During 2010-2013, a heat recovery system was installed to retain the heat from the ice plant and utilize it to heat the dressing rooms. This project led to the renovations of the dressing rooms, as well as a new metal roof. The total cost of these capital projects was approximately \$500k and was funded through both fundraising and a bank loan, of which approximately \$148k of the bank loan remains owing today.

In 2016, Regional Council approved a one-year Contribution and Service Agreement with LDRA, renewable for up to three years, and provided \$50k per year for the term of the agreement. The three-year agreement, which provided a total of \$150k, assisted with important facility projects including:

- New condensing tower for the ice refrigeration plant
- Installation of new elevator and vestibule to improve accessibility for the facility
- Upgrades to the sprinkler system
- Brine pump upgrade
- Kitchen upgrades and new windows

The final payment of \$50k was made in June 2018, thus concluding the three-year agreement.

The LDRA submitted a letter dated May 2018 (Attachment 1), requesting the Contribution and Service Agreement be renewed for a non-specified term, to help support future capital project costs and ensure that the facility remains in a state of good repair. Subsequently, on November 13, 2018, Regional Council requested a staff report on the request from LDRA.

DISCUSSION

LDRA has demonstrated a responsible and consistent approach to recapitalization over the years, but faces several challenges outside the regular operating expenses. LDRA's request for support identifies future capital projects that a renewed Contribution Service Agreement, if approved, would help finance including:

- Building Exterior repairs and painting - metal exterior is approaching 50 years of age, is showing rust and requires repairs; and
- Parking Lot repairs – utilized for SADCA patrons and for citizens accessing the First Lake trail system and Kinsmen splash pad.

LDRA is currently working with engineering consultants for the redesign of the existing spectator arena seating, as the steep seating currently in place, poses spectator safety concerns. As such this has been identified as a new key priority. Once the engineering consultation has been completed, LDRA intends to complete the required work.

Currently, HRM does not have a funding program in place which could accommodate the level of funding required to support LDRA's future capital projects.

Community Grants Program

HRM's current Community Grants Program provides Project grants of \$5k and Capital grants up to a maximum of \$25k. In the past, LDRA has received this funding including \$25k in 2010 for replacing dehumidifiers, \$25k in 2012 to assist with the roof replacement and \$25k in 2016 towards accessibility upgrades. LDRA remains eligible for this program but their current recapitalization projects require funding beyond the capacity of the Community Grants Program.

Regional Council approved the original Contribution and Service Agreement because the Community Grants Program was not an option and, to date, there have been no changes to the program guidelines that would result in the Community Grants Program being considered for this request.

In addition, LDRA received \$100k in 2008 for a new ice cleaning machine through a one-time capital assistance program created for pools and arenas, for risk mitigation. That program is no longer in existence.

HRM Capital Budget

The LDRA has requested annual funding for future capital projects, including new equipment purchases and capital repairs. As the facility is owned by LDRA, HRM cannot allocate HRM capital funding to non-HRM owned assets. Therefore, HRM cannot include funding for the SADCA in its annual capital budget.

Contribution and Service Agreement

The primary purpose of a contribution and service agreement is to formalize relationships with facility owners to achieve or maintain public access.

In the February 2016 report to Regional Council, it was recommended that, at the conclusion of the three-year Contribution and Service Agreement, staff would reevaluate the service delivery requirement in the Sackville area to determine if a renewed agreement was required. One important consideration is with HRM's Long Term Arena Strategy (LTAS). The SADCA facility is a consideration in the LTAS and continues to benefit the Municipality and the citizens of the entire region, providing recreational services which the Municipality would not be able to provide without the existence of the ice surface.

Recent repairs and upgrades to several HRM facilities, including Cole Harbour Place, Scotiabank Centre and the Spryfield Lions Rink, created challenges for HRM to meet ice requirements, requiring relocation of some users across the entire network of arenas. Funding to support LDRA's recapitalization plans would help mitigate the risk to the ice surface inventory and help ensure HRM can meet current and future ice

demands.

Additional Municipal Benefits

In addition to the arena activity, the SADCA provides overflow parking for citizens utilizing the nearby First Lake trail system and Kinsmen splash pad. While there is some parking available for those amenities, there is often overflow onto local streets. A new contribution and service agreement would include the provision of parking spaces at the east end of the facility to accommodate overflow parking for citizens wishing to utilize the splash pad and trails. Enhancing access to these services would support Parks & Recreation's service delivery mandate.

Summary

As noted, the Contribution and Service Agreement for 2016-2018 has concluded. Throughout the three-year term, the LDRA have been fully compliant in meeting the terms and conditions of the Agreement, including all required deadlines for reports and providing documentation for all projects funded through the Agreement.

There is a direct benefit to HRM in providing funds to the LDRA to help finance facility projects. This support helps to ensure that the facility remains in a good state of repair, and available for community use, for years to come.

The analysis of arena usage will continue within HRM to determine the proper number of ice surfaces, but the SADCA is a model of a successful operation on behalf of the citizens and will remain in the arena inventory. The LDRA should be recognized for their commitment and capacity to own, manage and maintain this facility for almost 50 years.

Therefore, it is recommended that Regional Council consider a new 5-year, Contribution and Service Agreement which provides annual funding of \$50k per year which would provide LDRA with increased stability and enable longer term capital project planning.

FINANCIAL IMPLICATIONS

HRM has budgeted funding this organization (\$50,000 per year) for the past 3 years.

The provision of funding can be accommodated within the proposed 2019/20 operational budget in account M310-8004. Funding could be transferred to the Parks and Recreation operating budget as part of the budget process.

RISK CONSIDERATION

There are no significant risks associated with the recommendation in this Report. The risks considered rate as Low. To reach this conclusion, consideration was given to operational, financial, strategic and reputational risks.

COMMUNITY ENGAGEMENT

The LDRA and Board of Directors are made up of members of the community.

ENVIRONMENTAL IMPLICATIONS

No environmental implications.

ALTERNATIVES

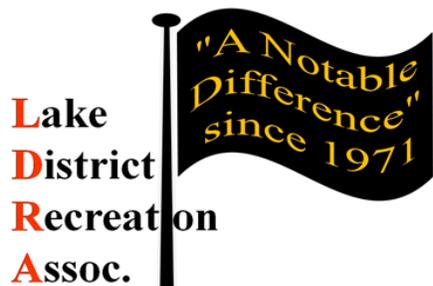
- Alternative 1. Regional Council could choose a different term for the Contribution and Service Agreement with the Lake District Recreation Association.
- Alternative 2. Regional Council could choose to not approve a new Contribution and Service Agreement with the Lake District Recreation Association.

ATTACHMENTS

Attachment 1 – Lake District Recreation Association Funding Request

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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May 15, 2018

Att: Steve Craig

Hi Steve

The contribution and service agreement between HRM and LDRA will come to a close with the last contribution payment in June of this year. **LDRA would like to request from HRM that this service agreement partnership be renewed for another period of time.** This service agreement helped our community to have a recreation center for years to come but there are still needs to keep the center up to date.

**Future Capital Projects
that still need to be financed.**

1. Remaining Plant upgrade-----estimates cost----- (\$ 210,000.)
2. Repair and paint exterior of building --- estimates cost---- (\$32,000)
3. New dasher boards/glass----- estimates cost ----- (\$180,000.)
4. New ice edger ----- estimates cost ----- (\$7,000.)
5. New oil tanks ----- estimates cost ----- (\$6,000.)
6. Repair/repave parking lot ----- estimates cost ---- (\$700,000)
7. 2 new boilers ----- estimates cost ----- (\$20,000)
8. New storage addition to the building ---- estimates cost --- (\$35,000)
9. New Zamboni ----- estimates cost ----- (\$120,000)

Bob Rines, President
Lake District Recreation Association