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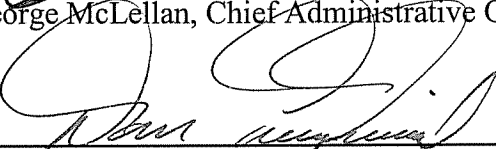
PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Halifax Regional Council**  
**April 26, 2005**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
\_\_\_\_\_  
George McLellan, Chief Administrative Officer

  
\_\_\_\_\_  
Dan English, Deputy Chief Administrative Officer

**DATE:** April 14, 2005

**SUBJECT:** Spryfield Lions Arena

### **ORIGIN**

In 2004, the Spryfield Lions approached Councillor Adams and HRM staff to assume operation of the Spryfield Lions Arena. This report is a follow up to a December 9, 2004, Information Report which was circulated to Council with a commitment to identify the budget implications and recommendations as part of the 05/06 budget process.

### **RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Authorize the Mayor and Clerk to enter into an agreement, based on the terms and conditions set out in this report, for the conveyance of the Spryfield Lions Club Arena facility and associated lands to the Municipality; and
2. Authorize staff to enter into a Management Agreement with the Spryfield Lions Club for the continued operation of the facility, based on the terms and conditions set out in this report, whereby the Lions Club will continue to remain responsible for associated management and operating costs for the facility, on the basis that HRM will assume property ownership and the responsibility for capital programming of the asset.

## **BACKGROUND**

In 2004, the Spryfield Lions Club approached HRM staff and the District Councillor with a proposal to deed their Drysdale Avenue arena facility to HRM. As part of the proposal, it was suggested that the Lions Club enter into a management agreement whereby they would continue to operate the facility as agents of the municipality. The reason for wanting to relinquish ownership was primarily financial, and HRM was approached specifically because the group saw the majority of the programming at the facility as consistent with HRM's recreational and community based program mandates. The Lions viewed their proposal to be similar to past arrangements between community groups and the St Margaret's Bay Community Centre and the Eastern Shore Community Centre. They initially advised Recreation Tourism and Culture staff that the only alternative was to close the facility due to the inability to finance necessary capital improvements.

The Spryfield Lions Club built the rink complex in 1972 and independently operated it for thirty-three years, during which time they received municipal tax grants. The facility consists of a 24,200 square foot arena; a 2,800 square foot meeting room; a 3,400 square foot room used by the Boys and Girls Club; and an 8,800 square foot Bingo Hall.

The Bingo Hall historically was the major source of revenues to finance loan payments and capital improvements, but this revenue has decreased significantly in recent years. The Lions Club have indicated they can no longer handle the capital expenditures and facility improvements needed. It is against that general background that the group requested that HRM assume ownership, assist with capital expenses, and enter into a management agreement.

## **DISCUSSION**

In response to the proposal, staff undertook an asset review to determine if this proposal should be brought forward to Council for consideration. The key elements of the review are discussed below.

### *Condition Assessment of Existing Facility*

RPAM conducted a condition assessment of the facility and discovered a number of needs. Some were identified as immediate needs and represent immediate risk to HRM if not addressed. Others represent long term upgrades that could be scheduled over a five year capital plan. The total asset renewal program value is approximately \$1.1M to \$1.5M, which will have to be assessed in future years against other HRM infrastructure priorities.

The immediate needs are roof repairs and liability deficiencies estimated at \$150,000. In addition, mould was found in several areas of the facility. The solution to the mould is a ventilation and dehumidification system and will be addressed as part of the broader multi-year program. Another concern also identified is the liability related to older style of boards around the ice surface. This board replacement would be a priority in year two of a multi-year capital budget program.

Potential longer term cost items include new and larger dressing rooms, sewer and water upgrades, parking lot pavement repairs, Zamboni replacement, and the replacement of the refrigeration plant.

Council should be advised that the replacement value of the facility is estimated to be between \$3.5M and \$5.5M. The required repairs to the existing facility represent approximately 25 percent of replacement cost. The final conveyance would be subject to final due diligence by HRM including an environmental site assessment.

#### *Program Evaluation*

As indicated earlier, the existing facility provides for arena usage programming, space for the local Boys and Girls Club, a Bingo Hall, and a meeting area for the local Lions Club. The closure of the Spryfield Arena Facility would create a void in the service delivery system of recreational opportunities to residents of Districts 17 and 18, as well as the Prospect Road area. The Arena Capacity study recognizes this arena facility as not only a provider of ice surface activities in the winter but also as the main provider of space for the summer youth Metro Lacrosse League. In addition, the Chebucto Ringette Association has previously presented a petition highlighting a lack of ice time available in the catchment area for continued development of their sport.

During the public consultation process of the Indoor Recreation Master Plan it was noted that the arena provided a valuable service to the Spryfield community as well as providing space to the Boys and Girls Club for its community activities.

In review of the functions that occur at the facility, closure of the arena would put HRM in a deficit situation in its recreation delivery system to Districts 17 and 18. The option of a management agreement with the Spryfield Lions Club is positive as the group has been able to meet operational costs on an annual basis and has a history of service to the community in its relationship to the Boys and Girls Club as well as other community projects.

#### *Financial Analysis of Facility*

The Spryfield Rink has been financially successful in maintaining operations since being opened in 1971. However, in recent years the Lions Club has loaned the rink funds for capital improvements. Currently, the rink owes the Lions \$43,645 for capital work.

The facility audit completed by RPAM indicates that a minimum of \$1,161,500 would be required over the next 5 years for repairs/upgrades/equipment purchases. Initially, approximately \$150,000 is required for roofing repairs/replacement and other immediate liability items. Current operating revenue at the arena is insufficient to finance such an extensive re-capitalization required for this facility.

Although revenue has historically been sufficient to cover operations, a continued downturn in bingo revenues (previously \$26,400/ year) would pose a significant problem. Ice rentals and Minor hockey revenue are at their maximum. Some operating savings may be realized by including the facility under HRM's price agreements for heating oil, insurance, and Zamboni maintenance. However, it would not be sufficient to assist with the required capital costs noted in this report.

*Land Related and Other Issues*

The Lions Club own the following parcels of land in the immediate area of interest:

Parcel A	3.85 acres, which contains the arena facility in question
Parcel X	2.457 acres along Drysdale Road
Parcel Y	3.01 acres adjacent to J.L Ilsley High School

Parcels A, X, and Y were consolidated into one large parcel in the early 1990's. The Lions Club has proposed to deed over Parcel A along with the arena facility to HRM. However, this would require subdividing the former parcels which cannot take place as the former Parcel X and Parcel Y do not have any street frontage at this time. Therefore, HRM would have to acquire all the land in order to assume ownership of the facility. HRM's Parkland Planning Section reviewed the lands in question and advised that there is an interest in these lands for future active and passive recreation usage. There is currently a long range plan to continue to expand parkland holdings along the shores of the McIntosh Run to eventually develop into a park and trails system. In addition, a community recreational group has been working with HRM seeking a location to build a facility for lacrosse programming, and part of the land in question could possibly fit those requirements. Therefore, the Parkland Planning Staff has recommended that a condition of HRM ownership include the entire parcel of land. Staff's position has been communicated and the Lions Club are agreeable with this arrangement.

*Conclusion*

Acquisition of this facility and subsequent operation by the Lions Club under a management agreement can be easily supported from a community and recreation programming perspective, and would be consistent with the arena capacity study and the IRF Master Plan. In addition, acquisition is supported from a parkland perspective as it presents a unique opportunity for HRM to acquire lands that are identified as a good fit to a long range parkland development plan.

From a facility condition and financial analysis perspective, the support becomes less attractive due to the liabilities and the amount of capital funds required to address issues with the facility. However, this request has been given high priority consideration by Recreation Tourism & Culture because of the potential programming impact and, as per the December 2004 Information Report, was approved as a new project initiative in RTC 05/06 Business Plan.

**BUDGET IMPLICATIONS**

The immediate need for funding is estimated at \$150,000. \$75,000 of the required funding for capital improvements to the Spryfield Lions Arena was approved by Regional Council from Capital Account No. CB300556, Facilities Upgrade, as part of the Approved 2005/2006 Budget. The budget availability has been confirmed by Financial Services.

Budget Summary:	<u>Capital Account No. CB300556, Facilities Upgrade</u>
	Cumulative Unspent Budget \$545,086
	Less: Capital Improvements <u>\$75,000</u>
	Balance \$470,086

A further \$75,000 for capital upgrades is required and RTC and RPAM will be looking at a re-prioritization and re-statement of their respective capital programs to identify and seek approval of additional funds.

The \$43,645 in debt accumulated by the Lions Club will be met through RTC Cost Centre D101-6999, Recreation Program Administration.

Longer term funding will have to be assessed in future years against other HRM infrastructure priorities.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ALTERNATIVES**


Council may choose to reject the recommendation to enter into a management agreement; however, the Spryfield Lions Club has indicated if help is not made available through HRM they will cease operations of the facility as a community asset.

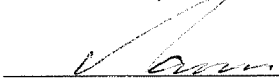
**ATTACHMENTS**

1. Site Plan
2. Information Report

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Bob Nauss, Acting Director, Recreation Tourism and Culture  
Doug Rafuse, Manager Service Delivery, RPAM  
Peter Stickings, Acting Director, Real Property & Asset Management

Financial Review by:   
Barb Palmeter, Financial Consultant

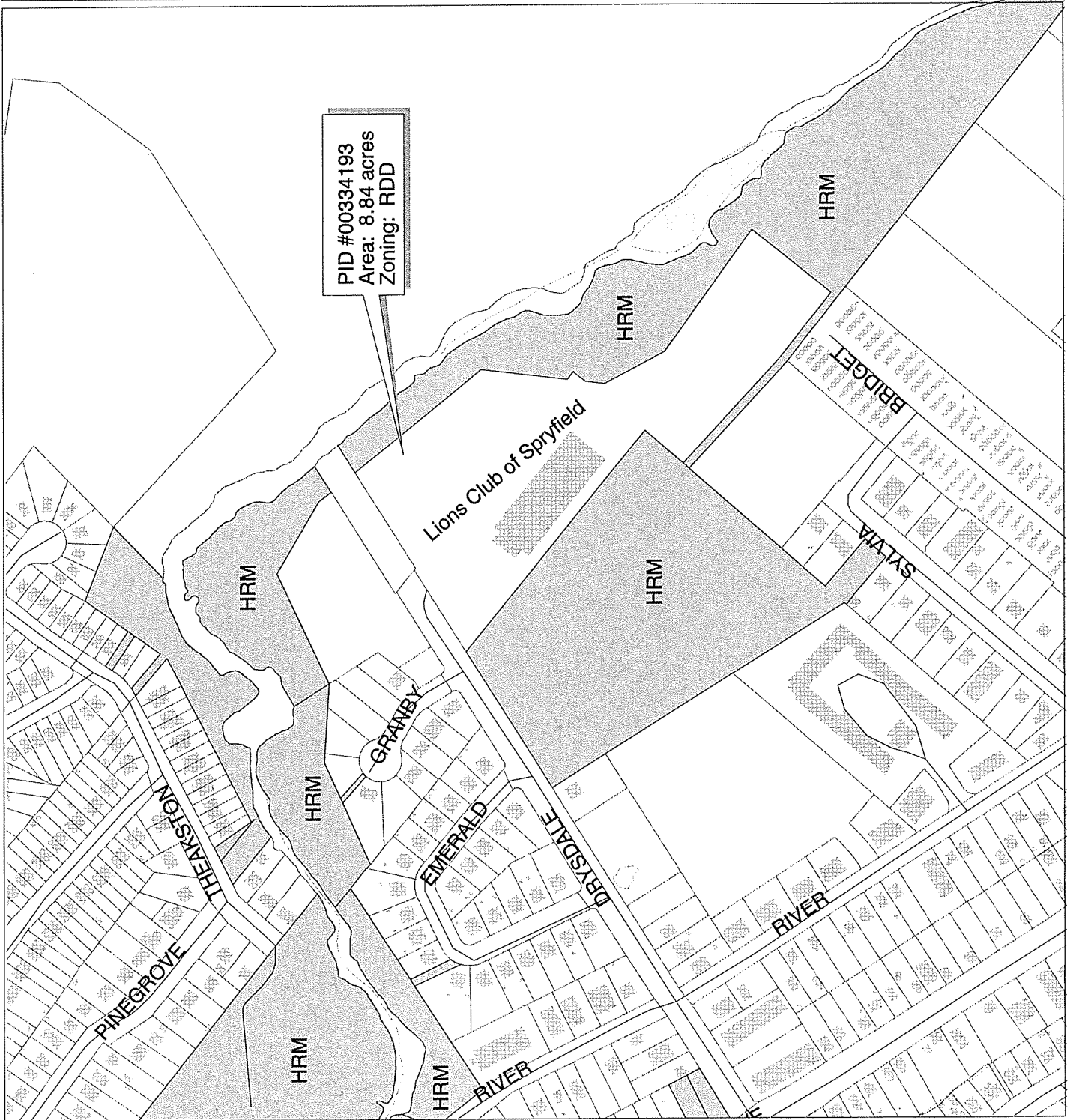
Report Approved by:   
Bob Nauss, Acting Director, Recreation Tourism and Culture

Report Approved by:   
Peter Stickings, Acting Director, Real Property & Asset Management



This map was produced for the internal use of  
Halifax Regional Municipality (HRM).  
HRM takes no responsibility for errors or omissions.  
Date of map is not indicative of the date of data creation.

Projection: Modified Transverse Mercator Zone 5  
Prepared by: E. Wall





PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Halifax Regional Council  
December 14, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: *Lew Rogers*  
Lew Rogers, Director Recreation Tourism Culture

DATE: December 09, 2004

SUBJECT: Spryfield Lions Arena

INFORMATION REPORT

ORIGIN

The community group approached staff and the District Councillor.

## BACKGROUND

The Spryfield Lions Club approached both staff and the District Councillor with a proposal to deed their arena facility located on Drysdale Avenue over to HRM and enter into a management agreement whereby they would continue to operate it as agents of HRM. Their reason for relinquishing ownership is a financial one, and their reason for approaching HRM is that they feel the majority of the programming carried on at the facility is consistent with one of HRM's recreational and community based program mandates. They view their proposal to be similar to past arrangements between community groups and the St Margaret's Bay Community Centre and the Eastern Shore Community Centre. They have advised Recreation Tourism and Culture that their only alternative is to close their facility due to their inability to be able to afford the capital improvements necessary.

The Spryfield Lions Club built the rink complex on Drysdale Road in 1972 and have independently operated it for 33 years. Over the years they have received municipal tax grants. The facility consists of the following:

- original 24,200 square foot arena, including dressing rooms and a 2,800 square foot meeting room used by the Lions Club
- an addition that consists of a 1,700 square foot entrance and 1,700 square foot room used by the Boys and Girls Club
- a later addition of a 8,800 square foot Bingo Hall

Over the years the Bingo Hall became the major source of revenues to generate loan payments and capital improvements, which has decreased significantly in recent years. The facility is also aging and insurance costs have been rising. The Lions Club have indicated they can no longer handle the capital expenditures and improvements needed to the facility. Thus, they have proposed HRM assume ownership and help with the capital expenses and they would continue to operate the facility on behalf of HRM under a management agreement.

In response to this request, staff began to investigate several points of criteria to determine if this proposal should be brought forward to Council:

- Carry out a condition assessment of the existing facility to determine financial risks to HRM
- Evaluate existing programming against HRM program mandates, arena capacity studies and against HRM's new Indoor Recreation Facilities (IRF) Master Plan
- Examine existing financial situation of facility
- Examine operating budgets, unaudited statements and Lions Club business plan to determine capacity to operate facility under management agreement proposal
- Other issues such as land issues, etc



## DISCUSSION

### Condition Assessment of Existing Facility

RPAM's Facility Operations Section conducted a condition assessment of the facility and discovered a number of needs. Some were identified as immediate needs and would represent immediate risk conditions to HRM if left as is. Others represent longer term upgrades that could be scheduled over a 5 year capital plan. The total value is in the order of \$1.1 to \$1.5 million. The more immediate needs are some roof repairs estimated at \$50,000 and some liability deficiencies estimated at another \$50,000. In addition, the Facility Operations Section found several areas that contain mold. No remedial estimate could be placed on this as a more detailed investigation is necessary utilizing external expertise. The proper permanent solution is to add a ventilation and dehumidification system at a cost of \$150,000. Currently there is no system at all. Another concern raised by Facility Operations is liabilities with the older style of boards around the ice surface. This would also need to be a priority in year two of a needed multi-year capital budget program.

Longer term cost items include such areas as new and larger dressing rooms, canteen repairs, ventilation and dehumidification system, sewer and water upgrades, parking lot pavement repairs, eventual Zamboni replacement and the replacement of a 33 year old refrigeration plant.

In light of all the repairs, building code upgrades and equipment replacement required, the Facility Operations staff recommended investigating the cost of a straight replacement of this facility with a newer and larger and compare it to putting capital funds into the old one. A replacement value was therefore prepared and is estimated to be between \$3.5 to 5.5 million. The repairs to the existing facility represent in the vicinity of 25% of the value of a new replacement. The turn around time to build a new facility would still require the continued operation of the existing facility and thus as a minimum a capital investment of at least \$150,000 to address immediate liability concerns and some additional funding to address immediate mold issues, with extensive requirements in following years.

### Program Evaluation

As indicated earlier, the existing facility provides for arena usage programming, space for the local Boys and Girls Club, a Bingo Hall and a meeting area for the local Lions Club. The closure of the Spryfield Arena Facility would create a void/shock to the service delivery system of recreational opportunities to residents of Districts 17 and 18 as well as the Prospect Road area. The Arena Capacity study recognizes the arena facility as a provider of ice surface activities in the winter as well as the main provider in the summer youth Metro Lacrosse league. The Chebucto Ringette Association have presented a petition complaining of lack of ice time available in the catchment area for their sport development.

During the public consultation process of the Indoor Recreation Master Plan it was noted that the arena provided a valuable service to the Spryfield community as well as providing space to the Boys and Girls Club for its community activities.

In review of the functions that occur at the facility, and if it were to close, it would put HRM in a deficit situation in its recreation delivery system to Districts 17 and 18. The option of a management agreement with the Spryfield Lions Club is positive as they have been able to meet operational costs on annual basis and have a history of service to the community in its relationship to the Boys and Girls Club as well as other community projects.

### Financial Analysis of Facility

The Spryfield Rink has been financially successful in maintaining operations since its beginning in 1971. In recent years, however, the Lions Club has loaned the rink funds for capital improvements. Currently, the rink owes the Lions \$43,645 for capital. This is not evident from the rink's financial statements as the loans were issued to the Lions Club. In addition, there is an Irving furnace lease commitment of \$17,000.

The facility audit completed by RPAM indicates that a minimum of \$1,161,500 would be required over the next 5 years for repairs/upgrades/equipment purchases. Initially over \$100,000 is required for roofing repairs/replacement and other immediate liability item. There is also an issue with mold which may require an infusion of funding as well to clean up and then a permanent fix by adding ventilation. Current operational revenue is insufficient to finance the extensive re-capitalization this facility requires.

Although revenue has historically been sufficient to cover operations a continued downturn in bingo revenues (\$26,400/year) would pose a significant problem. Ice rentals and Minor hockey revenue are at their maximum. Some operating savings may be realized by including the facility under HRM's price agreements for heating oil, insurance and Zamboni maintenance. However, it would not be sufficient to assist with capital costs.

### Land Related and Other Issues

The Lions Club own the following parcels of land in the immediate area of interest:

- Parcel A 3.85 acres, which contains the arena facility in question
- Parcel X 2.457 acres along Drysdale Road
- Parcel Y 3.01 acres adjacent to J.L Ilsley High School

Parcels A, X, and Y were consolidated into one large parcel in the early 1990's. The Lions Club have proposed to deed over Parcel A along with the arena facility to HRM. However, this would require subdividing the former parcels again which cannot take place as the former Parcel X and Parcel Y do not have any street frontage at this time. Therefore, HRM would have to acquire all the land in order to assume ownership of the facility. HRM's Parkland Planning Section were requested to review the lands in question to see if and how these lands could fit into any long range parkland planning HRM has for this area. Parkland Planning advised they do have an interest in these lands for future active and passive recreation usage. There is currently a long range plan to continue to expand parkland holdings along the shores of the McIntosh Run to eventually develop into a park

and trails system. In addition, a community recreational group has been working with HRM seeking a location to build a facility for lacrosse programming, and part of the land in question could possibly fit those requirements. Therefore, the Parkland Planning Section has recommended that any discussions with the Lions Club to assume ownership of the arena should include the entire parcel of land as well.

Finally, a comparison to the St Margaret's Bay Community Centre and the Eastern Shore Community Centre was suggested. In staff's opinion, the comparison is only valid from an arena surface perspective. The two facilities of mention are both larger facilities and have been categorized as more regional facilities in the IRF Master Plan, whereas the Spryfield Arena falls under the category of sports facility. Support for acquiring and positioning the operation of the facility under a management agreement could only be considered in relation to like facilities.

### Summary

Acquisition of this facility and then having it operated under management agreement by the Lions Club can easily be supported from a community and recreation programming perspective, and would be consistent with the arena capacity study and the IRF Master Plan study. In addition, it is also supported from a parkland perspective as it presents a unique opportunity for HRM to acquire lands that are identified as a good fit to a long range parkland development plan.

From a facility condition and financial analysis perspective, the support becomes less attractive due to the liabilities and the amount of capital funds required to address the facility. There are no funds available in the current year and approval now against 05/06 would require pre-approval of a portion of the capital budget which is not recommended. The current level of capital funds made available to support the existing portfolio cannot absorb any new additions and early indications for the needs for 05/06 do not change this picture. Existing facilities are dangerously falling behind in their required capital repair needs, thus, any new acquisition cannot simply cause the withdrawal of necessary funding from the existing owned stock of facilities. This request is being given high consideration by Recreation Tourism Culture for its programming impact and therefore has been forwarded as a potential new project initiative to be considered as part of the 05/06 budget planning process.

### BUDGET IMPLICATIONS

The budget implications of the recommendations will be identified as part of the 05/06 operating and capital budget process.

### FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

N/A

ATTACHMENTS

No attachments

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Bob Nauss, Manager Community Development, 490-4910

Doug Rafuse, Manager Service Delivery, RPAM, 490-6205