



PO Box 1749  
Halifax, Nova Scotia  
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**Item No. 11.1.5**  
**Halifax Regional Council**  
**May 11, 2010**

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

A handwritten signature in cursive script, appearing to read "Dan English".

**SUBMITTED BY:** \_\_\_\_\_  
Dan English, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

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Wayne Anstey, Deputy Chief Administrative Officer - Operations

**DATE:** April 21, 2010

**SUBJECT:** **Community Facility Lease Agreement (FLA) - Spryfield Lions Rink  
and Recreation Society**

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**ORIGIN**

This report originates with Service Delivery staff. The Rink Committee of the Spryfield Lions Club have indicated they no longer wished to manage and operate the arena and recreation centre. A new Board has been recruited, with the assistance of the Lions Club, and this Board is ready to assume the role of managing and operating this facility.

**RECOMMENDATION**

It is recommended that Regional Council authorize the Mayor and the Municipal Clerk to enter into a Facility Lease Agreement with the Spryfield Lions Rink and Recreation Society as per the key terms and conditions set out in Table 1.

### **BACKGROUND**

The Spryfield Lions Club have been serving the community of Spryfield since 1957. Over the years, they have spearheaded several major recreation projects in the community, such as Kidston Lake Park and the Lions Wave Action Pool. In addition to their service projects, they actively support youth, elderly, people of poor health and the less fortunate.

The Spryfield Lions Rink was built in 1972. The rink is home to a large cross section of users including but not limited to: Chebucto Minor Hockey, Halifax Chebucto Ringette, Metro Minor Lacrosse, J.L. Ilsley teams, along with HRM Community Recreation Services and the general public.

The attached Bingo Hall/Recreation Hall was added in 1978-80. The Bingo Hall has evolved into a recreation site offering a venue for cheerleading, floor hockey, dryland training for soccer and lacrosse, parent & tot programs, as well as parties and receptions.

In 2004 the Spryfield Lions Club approached HRM staff to take over ownership of the building while the Lions Club would continue to operate the rink and recreation hall. An agreement of Purchase and Sale was signed in 2006 to give ownership to HRM.

In December 2008, the Chair of the Lions Rink Committee advised HRM that the Lions were no longer able to manage and operate the facility due to an aging organization. HRM with assistance from the Lions Club recruited a new Board, the Spryfield Lions Rink and Recreation Society to manage and operate the facility. This new Board meets the requirements to enter into a facility lease agreement with HRM.

### **DISCUSSION**

The new Board will assume a role that Regional Council is familiar with from many other HRM owned facilities and often referred to as management and operating agreements. The agreement title has been changed to better reflect roles, responsibilities and risk management clarity.

This agreement is not a less than market value agreement and therefore does not have to go through the Grants Committee. The potential revenues of the Centre is significantly limited by the nature of the facility and the public usage constrictions contained in the FLA. It is hoped that the revenues of the Centre will cover the operation costs - any surplus projection being at best minimal. Taking this into account the rent under the FLA consists of the tenant providing management services and assuming operating costs. Under these conditions it is the belief of staff that this reflects a market value rent for a facility of this nature subject to the usage constrictions.

It is fair market value taking into consideration the following:

- the Spryfield Lions Rink and Recreation Society Board is responsible for the management and operating costs for the facility at no management fees to HRM,
- the community board provides alternative Recreation and Service Delivery,
- several constrictions of usage in that the facility must meet the public use standards such that during at least 50% of the time it is operating, any member of the public may access the amenity at either no cost or a cost reasonable for the type of facility use or service availability.

The key terms and conditions are as follows:

**Table # 1**

<b><i>Property- Civic Address</i></b>	25 Drysdale Road - PID 00334193
<b><i>Landlord</i></b>	Halifax Regional Municipality
<b><i>Tenant</i></b>	Spryfield Lions Rink and Recreation Society
<b><i>Commencement Date</i></b>	April 1, 2010 - March 31, 2015
<b><i>Rent</i></b>	The Spryfield Lions Rink and Recreation Centre is providing management of facility operations and operating costs
<b><i>Term &amp; Renewal Term</i></b>	5 years - reviewed annually by Community Development, 1 year renewal (conditional)
<b><i>Specific Conditions</i></b>	<p>* Their services must provide a direct contribution resulting in a positive impact to and for HRM citizens.</p> <p>* The Tenant will follow the guidelines of Public use as set out in the FLA. "Public Use" is to ensure public resources are utilized to the benefit of the general public. A facility meets the public use standards if during at least 50% of the time it is operating, any member of the public may access the amenity at either no cost or a cost reasonable for the type of facility use or service availability.</p> <p>* The reasonableness of cost will be determined through comparable facilities, program user fees, demographics and facility location.</p> <p>* * Tenant will be responsible for its proportionate share of property tax.</p> <p>* The Tenant will carry the required insurance as set out in the FLA and HRM is to be named as additionally insured. If alcohol is served or consumed on the premise, then the tenant must ensure from HRM Risk Management that the coverage is sufficient.</p> <p>* The Tenant will comply with all financial reporting requirements as indicated in the FLA.</p> <p>* Any space which is used exclusively by an individual, business, or group the Tenant is required to have prior written permission from HRM. Any leases will be approved by HRM and shall not exceed past the term of the FLA.</p> <p>*The Lions Club will retain exclusive use of the Lions Den as outlined in the Agreement of Purchase and Sale. Attachment "A".</p>

**BUDGET IMPLICATIONS**

There are no budget implications.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the proposed 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**

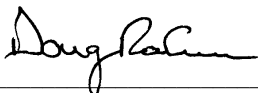
No alternative is recommended at this time.

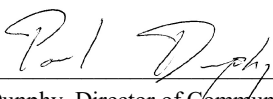
**ATTACHMENTS**

Attachment "A" Agreement of Purchase and Sale, Page # 4, Clause 10 (n)

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Tara Legge, Community Facility Service Delivery Coordinator, 490-8442

Report Approved by:   
Doug Rafuse, Manager, Service Delivery, 490-6205

Report Approved by:   
Paul Dunphy, Director of Community Development

of building systems and equipment. In summary, expenditures relative to the operation of the facility are to be funded through revenue generation and/or fundraising by the facility and the volunteer operator ie the Lions club.

- l. Revenues shall become the property of Halifax Regional Municipality, but shall be collected on behalf of Halifax Regional Municipality by the Spryfield Lions Club and be utilized to pay operating expenses.
  - m. The Halifax Regional Municipality shall provide property insurance for the facility and lands. The Spryfield Lions Club shall be responsible for Directors Insurance and General Liability Insurance.
  - n. The area currently known as the Lions Den Shall be available for exclusive usage by the Spryfield Lions Club for club activities.
  - o. The Halifax Regional Municipality shall reimburse the Spryfield Lions Club in the amount of \$1,533.00 for a structural engineering report on the sidewalk canopy and Maritime Testing report for possible mould conditions and the Lions Club agrees to provide the original copies of these reports to the Municipality.
11. The Municipality shall have twenty (20) business days from the date of signing this agreement to make such physical and other inspections and reviews of the Property as the Municipality shall deem necessary, at the Municipality's expense, to determine whether the Property is suitable, in the Municipality's opinion, for the Municipality's intended use of the Property. If the Municipality determines that the Property is not suitable for it's intended use, the Municipality will notify the Vendor in writing on or before twenty (20) business days from the date of signing this Agreement. Along with the written notification, the Municipality shall provide the Vendor with a copy of the summary report(s) which served as the basis for this aforementioned determination. Upon the Vendor's receipt of the aforementioned written notification and report(s); this Agreement becomes null and void and the Vendor shall refund the deposit, to the Municipality, without interest and there shall be no further obligations by the Vendor and without liability by the Vendor for any expenses incurred or damages sustained by the Municipality. In the event the Vendor has not received the aforementioned written notification and report(s) from the Municipality within the twenty (20) day period, it is understood and agreed by the Municipality and the Vendor that the Municipality, for the purpose of this Agreement, accepts the existing physical conditions of the Property; waives any rights to subsequent objections and claims and that the provisions of this clause have been fully satisfied. Upon completion of the physical inspections of the Property, the Municipality shall reinstate the Property to the Property's previous condition immediately prior to the Municipality carrying out the inspections. The Vendor requires that the Municipality indemnify the Vendor against all liabilities, costs, fines, suits, claims, demands and actions, and causes of action of any kind for which the Vendor may be considered or become liable for by granting permission to the Municipality to conduct inspections and reviews of the Property prior to Closing. Without limiting the generality of responsibility to indemnify the Vendor, the Municipality must maintain and pay all premiums for general public liability insurance with a minimum coverage of \$2 million. The Municipality shall furnish to the Vendor satisfactory written evidence that such insurance is in full force and effect prior to the Vendor giving permission to complete inspections and reviews of the Property.
12. The Vendor shall furnish the Municipality with a legal description of the Property as soon