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**Item No. 11.1.4**  
**Halifax Regional Council**  
**May 18, 2010**

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

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**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 28, 2010

**SUBJECT:** **Community Facility Lease Agreement (FLA) - Prospect Road  
Community Centre**

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**ORIGIN**

This report originates with Service Delivery staff. The Prospect Road Community Centre will open in late April and will be managed and operated by a Community Board.

**RECOMMENDATION**

It is recommended that:

1. Regional Council authorize the Mayor and the Municipal Clerk to enter into a Facility Lease Agreement with the Resource Opportunities Centre - Community Development Association Serving Prospect Road Area to become the Volunteer Board who will manage and operate the new Prospect Road Community Centre, as per the key terms and conditions set out in Table 2.

## **BACKGROUND**

The 2004 (IRFMP) Indoor Recreation Facility Master Plan identified future recreation facility requirements within the municipality. During the public consultation process, residents in the Prospect Road area identified the need for a recreation centre within their community. A formal Needs Assessment was undertaken by Community Development in June 2006. The study supported the need for a multipurpose community centre that would serve as the focal point for community events and activities.

The selected site for the multipurpose community centre is on part of the municipal land known as the Western Commons park area. The new community centre is located along Prospect Road in the Hatchet Lake area just north-east of Prospect Road Elementary School. The site presents the opportunity to locate the facility in a manner that will allow for future expansion of the building and have a complementary relationship to possible future outdoor recreation facilities and open space.

The facility is approximately 22,720 sq. ft. in size and features include a full-sized gymnasium, multi-purpose programming space, fitness room, arts and cultural room, meeting rooms and kitchen area, to accommodate a wide range of programs and activities. HRM will enter into a facility lease agreement with the Resource Opportunities Centre (ROC), an existing community group, to oversee the operation and management of the facility and the program delivery.

**Table # 1: Timeline & Financial Summary**

<b>Date</b>	<b>Action</b>	<b>Financial</b>
2004	IRFMP recommended a review of the needs and requirements in Prospect area	
2006	Needs Assessment Report by dMA Planning and Management Services	
July 2006	Halifax Regional Council approved the conceptual design study funding	
April 2007	MRIF (Municipal Rural Infrastructure Funding)	\$2,000,000
April 2007	Regional Council approved funds from the 2008/09 Capital Budget	\$2,125,000
Nov 2007	Western Region Community Council approved a new area rate to fund the Prospect Road Community Centre construction	\$2,438,000
Dec 2007	Regional Council approved a new area rate	
July 2008	Provincial Building Facility Infrastructure Together Funding (B-FIT)	\$250,000
Dec 2008	Council increased Capital Account No. CBG00720, Prospect Community Centre from CRESPOOL	\$1,000,000
April 2010	Approximate completion date	
June 2010	Approximate grand opening	

## **DISCUSSION**

The 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 are significantly limited by the nature of the facility and the public usage constrictions contained in the Facility Lease Agreement. 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 and providing program delivery. 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, similar to the value attached to the existing management agreements.

In summary, the fair market value determination takes into consideration the following:

- the Resource Opportunities Centre 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 # 2**

<b><i>Property- Civic Address</i></b>	2141 Prospect Road, PID 41253923
<b><i>Landlord &amp; Owner</i></b>	Halifax Regional Municipality
<b><i>Tenant &amp; Operator</i></b>	Resource Opportunities Centre - Community Development Association Serving Prospect Road Area (Volunteer Board)
<b><i>Commencement Date</i></b>	April 1, 2010 - March 31, 2015
<b><i>Rent</i></b>	There is no rent charged (\$0.00) as the Resource Opportunities Centre Board will provide the management and provide the operating costs and programming services
<b><i>Term &amp; Renewal Term</i></b>	5 years - reviewed annually by Service Delivery, 1 year renewal (conditional)

<b><i>Specific Conditions</i></b>	<ul style="list-style-type: none"><li>* Their services must provide a direct contribution resulting in a positive impact to and for HRM citizens. These services shall contain an inclusion policy.</li><li>* The Community Board 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.</li><li>* The reasonableness of cost will be determined through comparable facilities, program user fees, demographics and facility location.</li><li>* Community Board will be responsible for payment of property tax.</li><li>* The Community Board 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 Community Board must ensure from HRM Risk Management that the coverage is sufficient.</li><li>* The Community Board will comply with all financial reporting requirements as indicated in the FLA.</li><li>* The Community Board is require to have prior written permission from HRM to lease any space which is to be used exclusively by an individual, business, or group. Any leases will be approved by HRM and shall not exceed past the term of the FLA.</li><li>* Community Board will maintain and operate this facility within the LEED certification guidelines in cooperation and under the guidance of HRM.</li></ul>
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### **BUDGET IMPLICATIONS**

The 2010/11 Project Budget CBG00720- Prospect Community Centre shall include a \$50,000 implementation cost for each of the first two years for TPW Facility Operations to provide facility operations and maintenance support during the start up, commissioning, warranty and transitional period as well as an \$80,000 one time amount to cover grand opening, marketing, promotions, etc. There is also a proposed \$50,000 annual operating subsidy to support the ongoing program and service delivery.

**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.

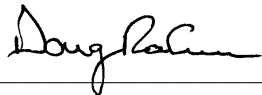
**ATTACHMENTS**

None

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

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