



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.4.1
Halifax Regional Council
April 15, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original signed
Councillor Lorelei Nicoll, Chair
Community Planning & Economic Development Standing Committee

DATE: March 24, 2014

SUBJECT: Dartmouth Sportsplex Revitalization Project

ORIGIN

Motion passed by the Community Planning and Economic Development Standing Committee at the March 20, 2014 meeting.

LEGISLATIVE AUTHORITY

Section 21 of the Halifax Charter regarding Standing, Special, and Advisory Committees.

The Committee's Terms of Reference – Section 3.3 Oversight of HRM's Community building initiatives in the areas of arts, culture and recreation and related facilities strategies.

RECOMMENDATION

The Community Planning and Economic Development Standing Committee recommend Halifax Regional Council:

1. Direct staff to include the Dartmouth Sportsplex revitalization construction project in the strategic capital projects to be considered by the Audit and Finance Standing Committee for determination of priorities and funding strategies;
2. Direct staff to, upon approval of the project within the capital budget, explore naming rights opportunities for the Dartmouth Sportsplex, as part of the revitalization project;
3. Direct staff to complete a program review of the Dartmouth North Centre, as part of the upcoming Community Facility Master Plan update.

BACKGROUND

A staff report was submitted to the Standing Committee's March 20, 2014 meeting.

DISCUSSION

The Committee expressed concern over recommendation 3 in the staff report which recommends the Findlay Centre be declared as surplus to recreation needs upon completion of the Dartmouth Sportsplex revitalization project and refer it to Administrative Order 50 for review. Overall, the Committee felt they could not endorse the recommendation, with concerns expressed that many of the services provided by the Findlay Centre are not duplicated at the Dartmouth Sportsplex; that the current services at the Findlay Centre may not be easily accommodated at other sites; and that more financial information such as revenue and cost breakdowns was needed before considering such a decision.

The Committee passed an amended motion, endorsing items 1, 2, and 4 of the staff recommendation and omitting item 3 which pertains to the Findlay Centre.

FINANCIAL IMPLICATIONS

As outlined in the Discussion and Financial Implications sections of the Staff report dated February 26, 2014.

COMMUNITY ENGAGEMENT

The Community Planning and Economic Development Standing Committee is a Committee of Regional Council comprised of six Councillors. The meetings are open to the public and the Committee's agendas, minutes, and reports can be viewed at Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

None.

ALTERNATIVES

The Committee did not provide alternatives

ATTACHMENTS

Attachment 'A': Staff report dated February 26, 2014.

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: Sheilagh Edmonds, Legislative Assistant



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Community Planning & Economic Development Standing Committee

March 20, 2014

TO: Chair and Members of the Community Planning & Economic
Development Standing Committee

SUBMITTED BY: Original Signed
Brad Anguish, Director, Community & Recreation Services

DATE: February 26, 2014

SUBJECT: Dartmouth Sportsplex Revitalization Project

ORIGIN

- | | |
|---------------|--|
| May 27, 2008 | Council approval of the Community Facility Master Plan (CFMP), including recommendations related to expansion and renewal of the Dartmouth Sportsplex. |
| April 5, 2011 | Committee of the Whole information report – Community Facility Master Plan Project Updates resulting in Regional Council motion “MOVED by Deputy Mayor Smith, seconded by Councillor Sloane that the Halifax Regional Council refer detailed project recommendations to the Audit and Finance Committee for further discussions of funding strategies.” MOTION PUT AND PASSED. |

LEGISLATIVE AUTHORITY

- *Halifax Regional Charter*, Section 35 (1): Council’s authority related to municipal properties and facilities;
- *Halifax Regional Charter*, Section 79 (1) (k): Council’s authority to expend money for recreation programs.
- Community Facility Master Plan, approved by Regional Council May 27, 2008.

RECOMMENDATIONS

It is recommended that the Community Planning & Economic Development Standing Committee recommend that Halifax Regional Council:

1. Direct staff to include the Dartmouth Sportsplex revitalization construction project in the strategic capital projects to be considered by the Audit & Finance Standing Committee for determination of priorities and funding strategies;
2. Direct staff to, upon approval of the project within the capital budget, explore naming rights opportunities for the Dartmouth Sportsplex as part of the revitalization project;
3. Declare Findlay Centre as surplus to recreation needs upon completion of the Dartmouth Sportsplex revitalization project and refer it to Administrative Order 50 for review; and
4. Direct staff to complete a program review of the Dartmouth North Centre, as part of the upcoming Community Facility Master Plan update.

BACKGROUND

Located in central Dartmouth, the Dartmouth Sportsplex (DSP) opened in 1982. Along with adjacent amenities of the Dartmouth Transit Bridge Terminal, Dartmouth Common and commercial businesses, it is part of a service hub for residents. DSP is owned by HRM and is operated by the Dartmouth Sportsplex Community Association (DSCA) which is a registered not-for-profit organization with an independent Board of Directors. A Management Agreement between the Municipality and the DSCA was signed in 1998 and has been automatically renewed each year since that time.

The facility has played a key role for residents of Dartmouth and beyond since it opened, and should continue to do so well into the future. However, as the facility is over 30 years old, it is showing its age and requires improvements to continue to meet the needs of the community.

Asbell Revitalization Report

In 2007, the Board of Directors at the Dartmouth Sportsplex positioned a request based on revenue generation, to add a large hard-court field house to the DSP as a means of establishing a revenue stream to assist with cost recovery. This request, although not acted upon, was captured in the Community Facility Master Plan (CFMP), and allowed for the initiation of discussions and analysis related to the potential future and best use of the facility.

Following that initial proposal and the subsequent CFMP direction, Regional Council initiated the "Revitalization Report – 2010 Dartmouth Sportsplex" by Asbell Management Innovations, which stated that:

"The Dartmouth Sportsplex ("DSP") includes a pool, a multi-purpose room, various athletic and fitness spaces and the arena. The complex was originally constructed in 1980. There have been a variety of small modifications and one large addition made to the facility over the years. DSP is similar in age (30+yrs) to other major recreation facilities across Canada that have required significant repositioning to make them current, relevant and financially stronger.

With no significant upgrade or operating model redesign, DSP will suffer from decreasing levels of customer use and satisfaction as it continues to age.

Failing to be responsive to changing demographics and recreation facility re-design reduces interest in the Sportsplex for existing and new customers. On-going participant loss to other external opportunities and other HRM supported facilities will result in reduced revenues and elevated subsidization levels.”

This scenario is borne out in the current financial situation as the current accumulated deficit of the DSP is over 2.2 million and the facility is operating with an average loss of over 300,000 annually.

The Asbell study further outlined that recreation trends are shifting to more unstructured and experience driven activities with more focus on multi-purpose and multi-generational facility designs. In order to achieve this shift, the report outlined three priority areas for the DSP:

1. Expanded and relocated fitness centre and associated programming studios for dance, gymnastics, yoga and other programs;
2. Family activity amenity spaces and large community gym; and
3. General modernization and updating of the entire complex.

HRM Audit & Finance Standing Committee

Following the completion of the Asbell Dartmouth Sportsplex revitalization report in 2010, staff presented an information report and presentation to the April 5, 2011 Committee of the Whole as part of an update on several CFMP deliverables. The Dartmouth Sportsplex revitalization was one of the projects included in that update which indicated: “The proposed enhancements are significant, and will require a multi-year approach that will result in appropriate service provision, enhanced revenue generation, community and regional pride. Regional Council will be asked to consider these enhancements in future budget cycles.” Regional Council passed a motion to refer the detailed project recommendations for all of the CFMP initiatives to the Audit and Finance Standing Committee for further discussion of funding strategies.

On February 26, 2014 during the COW regarding the 14/15 capital budget, the CAO advised Council that there is a list of strategic capital projects that remain unfunded and will be advanced to the Audit & Finance Standing Committee for exploration of funding strategies in June 2014. The Dartmouth Sportsplex revitalization project is one of the projects to be discussed. To that end, staff has further refined the proposal, engaged in additional consultation with community members and key-stakeholders, and completed an external review of the business case (Stantec, 2013). Should advancement of this project be approved, it along with other strategic capital projects would be considered by the Audit and Finance Standing Committee to determine priority and funding strategies for the 2015/16 and future Capital Budgets.

DISCUSSION

The proposed revitalization of the Dartmouth Sportsplex is a robust project that includes recapitalization, expansion, and re-positioning for improved service delivery and accessibility. In

order to advance the 2010 Asbell Dartmouth Sportsplex Revitalization Report recommendations, a schematic design and business plan were required. As a result, a consultant, Diamond Schmidt, was hired to complete the schematic design report in 2011. The design incorporates the main improvements outlined in the Asbell report to revitalize the facility and improve its ability to meet client's needs.

The main renewal and revitalized components of the project include:

- Construction of a new fitness centre and studios highlighting the Wyse Road side of the building, and renovations to the core of the building up to be welcoming and visually appealing, presenting a glazed and inviting façade;
- Installation of a large open feature stairway to improve internal traffic flow issues;
- Pool upgrades to include renovations to the deck, adding a barrier free access the pool, and construction of a waterslide feature;
- Upgrades to the squash and racketball courts;
- Construction of a new community gymnasium, activity and fitness studios, and community rooms;
- Construction of a new child-minding area;
- Upgrades to mechanical and electrical systems;
- Site work; and
- Re-positioning of service provision to include community recreation programming, senior's activities, and community art.

Analysis – Revitalization Proposal

Upon completion of the schematic design, an updated business plan including projections was prepared by the DSP Board. That business plan formed the basis of an overall analysis which was required to fully assess the proposed revitalization of the Dartmouth Sportsplex. Included as Attachment 1, the Project Analysis outlines the review of key data and analysis relevant to the proposed renewal of the DSP. The analysis outlines the proposed plans for the facility, current and future alignment of DSP to community needs, related service delivery and usage at adjacent facilities and overall facility condition assessments. In addition, it summarizes an external assessment of the business plan projections.

Community Impact

In order to capitalize on the proposed revitalization project, enhanced community focus and accessibility is critical. As noted, the DSP is located in central Dartmouth and primarily serves local residents. In addition, residents' local recreation needs are also met by other amenities such as Dartmouth Common, Findlay Community Centre, Dartmouth North Community Centre, Lake Banook as well as several sportsfields, playgrounds and open space. In late 2012, the Dartmouth Bridge Transit Terminal opened directly adjacent to the DSP, creating a campus setting of recreation and transportation services which are supplemented by adjacent commercial services.

The revitalization project looks to expand on the benefits of the campus setting, by improving the overall community access and impact of the facility. While the proposed project will add or improve components that can be expected to improve revenue opportunities, key aspects of the project are focused on improving the impact to the community. To that end, in concert with the proposed revitalization project, the Dartmouth Sportsplex Board and staff have revamped the facility mandate and created a “Blueprint for Community Engagement and Accessibility” to reflect an increased focus on community access.

Included in the DSP blueprint are key initiatives intended to capitalize on the refurbished facility in order to improve overall access to recreation opportunities. Details of the key initiatives, included as Attachment 3, are organized in the following broad categories:

- Broadening Sportsplex’s program and service base
- Access plan for learn-to programming
- Access plan for unstructured, free play opportunities
- Creation of opportunities for spontaneous social gathering
- Outreach to “never before” users
- Transportation

In addition to the typical physical and financial barriers, the DSP’s key initiatives are also intended to address transportation and psychological barriers. As a result, the proposed project includes improvements to the physical layout of the building to improve on its accessibility and create a more welcoming environment. The creation of a gymnasium, fitness studios and community rooms will provide opportunities for unstructured, drop-in activities and larger volume activities that reduce or eliminate financial barriers to participation. As well, the proposed changes to the building and the overall mandate will also allow for several activities to be offered without the requirement of a membership. The co-location of the DSP with the Dartmouth Bridge Terminal provides convenient public transit to the facility and opportunity for a potential partnership to help address transportation challenges.

Further, the enhanced focus on improved access, unstructured play, leisure activities and social interaction will allow more residents to have an active lifestyle, thereby, better meeting Regional Council’s priority on Healthy Communities.

Program and Service Delivery

In order for enhanced community access and impact to be achieved at DSP, consideration of its role in recreation service delivery and relationships with the adjacent recreation facilities was necessary. Assessment of overall recreation services and community impact in the Dartmouth Sportsplex catchment area was a key component in the analysis of the proposed project. As part of the project analysis, overlapping services and competition between existing municipal recreation facilities were identified. Within a 5 km distance of the DSP, residents are provided with recreation opportunities at 5 facilities, including East Dartmouth Community Centre, North Dartmouth Community Centre, South Woodside Community Centre, North Dartmouth Community Centre and Findlay Community Centre. At a distance from the Dartmouth

Sportsplex of 1.5km and 2.5 km, respectively, Findlay and Dartmouth North Community Centres are both located within the primary service area of DSP. Further, much of the programming and services currently taking place at the Findlay Centre and the Dartmouth North Centre are similar to the programs and services offered at DSP. As a result, all three facilities compete with each other for clients. This results in overlapping programs, underutilized facilities and financial impact to all three centres especially, impacting the financial viability of DSP. Detailed analysis is provided in more detail later in this report, and in the attached analysis of the Dartmouth Sportsplex Renewal and Revitalization.

Findlay Centre

The Findlay Centre, originally built as a school in 1932, has played a role in recreation service delivery in Dartmouth since it was converted to a recreation centre in the early 1970's, ten years before the opening of the Dartmouth Sportsplex. The services and programming which take place at Findlay Centre are similar, and in some cases, the same, as those offered at the Dartmouth Sportsplex, with three exceptions. The three exceptions are:

1. Pottery Programming
2. Dartmouth Senior Citizens Club activities
3. Dartmouth Horse-Shoe activities

In fact, 36% of those registering for programming at the Findlay Centre are from the same primary postal code catchment area for the DSP, while another 41% of the Findlay participants are from the same secondary postal code catchment area as for the DSP. As a result, over three quarters (77%) of the program participants at the Findlay Centre reside in the DSP catchment area.

Competition between municipally owned facilities is not an efficient utilization of resources, and can be frustrating for citizens due to differences in costs and quality. Given the age of the Findlay Centre, along with the fact that as a former school, it was not purpose built as a recreation facility, the building has limited capacity to be able to provide the most effective recreation services. These challenges will continue or even increase as the building continues to age. For this reason, as well as the fact that overlapping services provided at the facility compete with the services provided at the DSP, consideration should be given to retiring the Findlay Centre from recreation programming, as a deliverable of the Dartmouth Sportsplex revitalization plan in order to better position the DSP for financial success. As a result, it is recommended that the Findlay Centre be declared surplus to municipal recreation programming needs upon completion of the DSP project. The three programming exceptions listed above are important community activities that can be accommodated in a revitalized Dartmouth Sportsplex.

Dartmouth North Community Centre

The Dartmouth North Community Centre was built as a provincial services resource centre in 1996. Dartmouth North evolved into a recreation centre operated by the community soon after amalgamation when provincial and municipal mandates related to community services changed. Since that time it has struggled with efficiencies, attempts to identify and meet the needs of the residents it is intended to serve. As a result of these challenges, in 2009, the facility became a municipally operated centre. While the structure is in good condition, the centre is small and has limited capacity for service delivery. As a result, it is recommended that further review of the future programming and services offered at Dartmouth North Centre be undertaken as part of the Community Facility Master Plan update, as opportunities for alternate programming may exist.

Competition and Impact related to other Municipal and Private Service Providers

The proposed revitalization of the Dartmouth Sportsplex would elevate the facility to current standards for community recreation, sport, leisure, and fitness facilities. As outlined in the Stantec report (Table 1 below), “both the financial challenges and accumulated deficit will continue, without changes to DSP to both better meet community needs and upgrade mechanical and electrical systems.”

The DSP is a family oriented, generationally diverse facility with many options for citizens to participate (fitness, group exercise, swimming, ice sports, family and youth programming, etc). As such, it tends to attract those users who want to participate at this type of centre. Other citizens may prefer to subscribe to fitness activities at private clubs that are more specific to adult participation. As a result, these are not competing interests but rather collectively provide recreation options for HRM residents.

Competition does exist to a certain extent between the other municipally owned, multi-purpose facilities such as Cole Harbour Place, Sackville Sports Stadium, and the Canada Games Centre. For the most part, however, the citizens who use each specific facility do so because of the regional or geographic appropriateness of that facility to their lives. Users generally participate at a facility that is close to their residence, child care provider, work place, or other family. Overall, the findings of this analysis found that DSP is similar to other regional facilities with close to 80% of users located within the local area with a typical drive time of 15-20 minutes.

Evaluation of Business Plan Projections

As part of the project analysis, the Dartmouth Sportsplex business plan and projections were assessed through an external review for the purpose of validating the proposed revitalization of the facility. This assessment was consistent with the Auditor General’s recommendations in the report “*Review of the Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited*©”. In order to complete the external assessment, Stantec was hired to complete the independent evaluation of the business plan. The evaluation determined that facility upgrades, system updating, a small expansion, reduction of overlapping programming and

business redefinition are all key to the proposal. The evaluation of the updated business plan reviewed financial assumptions, construction costs, construction phasing and program offerings.

Due to size, the executive summary of the report is included as Attachment 2, with the full report available at <http://www.halifax.ca/facilities/>. The evaluation outlined that there is a pattern of continued challenge in operational capacity to provide services which effectively meet the increasing demands of the purchasing public, coupled with the increasing costs of operating aging building systems. This is certainly the case for DSP which has struggled financially in recent years.

The report further indicated that "The Agreement under which DSCA operates the Sportsplex is based on an expectation of 100% cost recovery. Every year except one from 1998 to 2008 the Dartmouth Sportsplex was able to achieve this goal, in large part due to the Association's Bingo fund-raising efforts. Since 2009, however, the facility has experienced a growing operating loss.

The current Business Plan suggests that declining revenues are attributable to the aging of the facility. The Sportsplex layout and its facilities are outmoded, and do not meet contemporary user needs as well as in the past. The facility is also facing competition from newer HRM facilities and from private recreation service providers."(Stantec Report)

Table 1 from the Stantec report outlines the Dartmouth Sportsplex net recovery on expenditures for the past eight years of operation:

Stantec Table1: Operating Surplus/(Loss), Dartmouth Sportsplex, 2005-2013

Fiscal Year	Operating Surplus/(Loss)
April 1, 2005 – March 31, 2006	\$97,003
April 1, 2006 – March 31, 2007	\$252,098
April 1, 2007 – March 31, 2008	\$77,340
April 1, 2008 – March 31, 2009	(\$170,756)
April 1, 2009 – March 31, 2010	(\$242,636)
April 1, 2010 – March 31, 2011	(\$263,948)
April 1, 2011 – March 31, 2012	(\$360,632)
April 1, 2012 – March 31, 2013	(\$323,390)

Source: Dartmouth Sportsplex, *A Revitalized Dartmouth Sportsplex Pro-forma Business Plan*, June 2013, p. 4.

"The accumulated deficit as of March 31, 2013 at the Dartmouth Sportsplex was: \$2,274,759. Both the financial challenges and accumulated deficit will continue without changes to DSP to both better meet community needs and upgrade mechanical and electrical systems."

Proposed Business Revitalization

As part of the external review, a detailed Financial Assessment was carried out by Stantec, and is found in Section 5 of that report (Attachment 2). As a high level summary, the assessment determined:

“While increases in salary costs have placed pressure on the Sportsplex, savings in other areas have kept overall expenditures in reasonable balance. While nominal expenditure levels have risen in most categories good management appears to have held the line overall.”

Regarding revenue projections, the Stantec report indicates, “The evidence of reasonable cost control shifts consideration to revenues, which have clearly not kept pace given that the overall expenditure trend has been slightly downward at the Sportsplex after adjustment for inflation.”

Further, the Stantec report continues regarding the verification of potential business repositioning, and indicates “By Year 3 following renovations, an operating surplus is expected. The largest change from current results is in the Athletics program both in the revenues and expenditures. The other large programs, the Arena and Aquatics, are also expected to grow but at a rate that is comparable to the last ten years.” The Athletics program area would be expected to benefit from increased membership sales and relocation of the Findlay programming and users. As well, revenue from new program offerings as a result of new and repurposed spaces could also be expected. It should be noted, that while the refurbishment of the facility will attract some new users due to improvements in meeting community needs, primary increases would result from new program offerings and inclusion of the Findlay Centre programs.

Project Options

As noted, at over 30 years of age, the Dartmouth Sportsplex requires some improvements to be able to meet the needs of the community. The proposed project, as outlined by the Asbell 2010 report and further refined by Diamond Schmidt, has been determined to be able to revitalize the DSP and also improve the impact to the community.

However, other options for the future of the DSP are available to Regional Council, including:

- inclusion of deferred maintenance funding only;
- undertake only portions of the project; and
- delay a decision on the project and consider replacing the current facility with a new facility co-located with other recreation infrastructure.

A brief overview of each of these options is as follows:

Deferred Maintenance

Currently, facility condition assessments have indicated that the DSP requires \$6.7 million in deferred maintenance. While this funding amount would be able to ensure the DSP continues to be maintained in a safe and functional manner, it would not result in any meaningful efficiencies, service enhancements or improved overall community accessibility. While completion of the deferred maintenance would provide some improvements, it would not provide the same level of community benefits and user experiences as the proposed project and therefore would not likely result in any substantial improvement to current operating deficits.

Partial Project

The proposed revitalization project incorporates improvements to the overall facility as well as individual components. With the configuration of the building, many of the components are interdependent. For that reason and the fact that it is a refurbishment of an existing building rather than a new construction, there would be challenges in undertaking only part of the project. When considering a partial project, the easiest component to delete would be the gymnasium. However, as a key component for increased ability to offer unstructured play and large volume program offerings, removal of the gymnasium would erode the improvements to meeting community needs. Therefore, while a partial project would provide some improvements, it would not provide the same level of community benefits as the full project.

Delay Decision & Consider Co-location

There are multiple initiatives currently underway that could be related either directly or indirectly to the central area of Dartmouth. The future of the Shannon Park lands is still being determined but a decision continues to be expected to be in the short term. Related to those lands, renewed interest may result in a decision for HRM to explore a potential stadium. As well, Regional Council's direction related to the Long Term Arena Strategy will result in upcoming decisions on consolidation of arenas in both Halifax and Dartmouth. With the significance of these other potential recreation initiatives, opportunity exists for Regional Council to consider a relocation of the DSP from its current location in order to co-locate it with another recreation asset in order to create a recreation campus. Staff have considered these factors and continue to recommend proceeding with the revitalization project now due to the current ideal location of the DSP within the Regional Centre and in close proximity to schools, library, parks, commercial services and transportation links. Further, demolition of the existing building and construction of new infrastructure would be estimated to exceed the cost of the proposed project.

Financial Summary

The estimated cost to recapitalize the Dartmouth Sportsplex over the next 25 years is \$6.7M. Deferred maintenance is intended to maintain the facility in a safe manner and to ensure that systems do not fail. It does not include any service improvements or facility enhancements. Deferred maintenance requirements would be addressed as part of the refurbishment project so the cost would be avoided if direction is given to proceed with the project.

Additionally, the Sportsplex is currently losing approximately \$300K to \$400K (operating) per year. The financial situation would not materially change with completion of only the deferred maintenance at the facility. Rather, it could be expected to further decline as the building continues to age, further reducing its ability to meet community expectations.

The estimated cost to recapitalize Findlay Centre over the next 25 years is \$703K. On average, the annual facility operating costs for Findlay Centre are \$150K per year. This does not include programming costs. Based on staff's recommendation, recreation programming would be

relocated to the Dartmouth Sportsplex. While some programming efficiencies could be expected to be achieved, exact programming cost savings would not be able to be determined until an updated programming plan was completed for the refurbished Dartmouth Sportsplex.

Therefore, based on the recommendation, the following financial summary exists:

Current Scenario

Average Annual Operating Costs	
Dartmouth Sportsplex	\$350,000 (annual deficit)
Findlay Centre	<u>\$150,000 (annual net facility costs)</u>
	\$500,000 (net deficit)
Capital Outlay – over 25 years	
Dartmouth Sportsplex	\$6,700,000
Findlay Centre	<u>\$ 703,000</u>
	\$7,403,000

Future Recommended Scenario

Average Annual Operating Surplus	
Dartmouth Sportsplex	(\$63,000)* (estimated surplus)
Findlay Centre	<u>0</u>
	(\$63,000)
Capital Cost	
Dartmouth Sportsplex Revitalization	\$22,000,000
Cost Avoidance - Findlay Centre	(\$703,000)
Cost Avoidance - Dartmouth Sportsplex	<u>(\$6,700,000)</u>
Net Capital Cost over 25 Years	\$14,597,000

*The Stantec report indicates that by year 3 an operating surplus of \$63K is expected. However, there is no allowance for payment to a recapitalization reserve, which is critical to the continued future service life of the facility. Therefore, any facility surplus would be allocated to a recapitalization reserve.

It should be noted that the estimated operating surplus is based on the current 100% cost recovery model for DSP. As a result of recent Community Planning & Economic Development Standing Committee direction, staff will be completing a review of service delivery and cost recovery expectations of regional facilities.

Funding Strategies

A project of this nature is significant and requires an assessment of funding strategies and prioritization with other corporate projects in order to appropriately determine how and when to fund it. As a result, funding strategies for this project must be incorporated with other corporate

priority considerations. Regional Council has a number of strategies available to consider for the funding of this project including reserve capacity, debt issuance, project delays, and reallocation of capital funding, among others.

In 2012, Regional Council approved the new Regional Facility Expansion Reserve Q145 in recognition of the age of many of its regional recreation facilities. This reserve is funded by proceeds from the sale of surplus recreation facilities, a portion from all other land sales, and appropriations from the operating budget. It is intended to be used for expansions and refurbishment of regional recreation facilities. If Regional Council directed that Findlay Community Centre be declared surplus and considered for disposal under AO50, proceeds from the future sale would be transferred to the reserve. Should Regional Council approve the Dartmouth Sportsplex project, it would be included as a corporate priority for which the reserve could fund.

As noted, at the April 5, 2011 Committee of the Whole presentation regarding updates on some of the projects outlined in the CFMP, and reiterated again during the February 26, 2013 14/15 Capital Budget COW regarding unfunded strategic projects, Regional Council directed that the projects be discussed by the Audit and Finance Standing Committee for funding strategies. Funding strategies for several significant and strategic capital projects, including the construction of the Dartmouth Sportsplex Revitalization project will be presented to the Audit & Finance Standing Committee for consideration during the 2014/15 fiscal year.

FINANCIAL IMPLICATIONS

The project cost, \$22,000,000 (estimated), will be considered in relation to other corporate priorities by the Audit & Finance Standing Committee. Currently there are several projects which are relying on existing sale of land proceeds as a source of funding. Sale of land proceeds today are not sufficient to provide funding for all projects concurrently. As a result, funding strategies will be presented to the Audit & Finance Standing Committee for consideration during the 2014/15 fiscal year.

COMMUNITY ENGAGEMENT

Community consultation related to the future planning and renewal of the Dartmouth Sportsplex was an important component of each aspect of the review, and started early in 2010.

Primary Consultation Process

In preparation of Asbell's 2010 Report "Overall stakeholder input of DSP was gathered through focus groups, an on-line survey, interviews with staff and management, external interviews. During this extensive series of meetings, interviewees were asked a predetermined set of questions and asked to prioritize customer needs, issues, facility and operational changes."

Secondary Consultation Process

A secondary consultation process took place in May and June of 2012 in order to build on the highlights identified in the 2010 Asbell Report. The purpose of the secondary community

engagement process was:

- (1) to inform the community of the highlights of the Asbell Report;
- (2) to test, confirm, obtain feedback on key ideas in the report; and
- (3) to gain feedback to help inform recommendations on the facility design.

Focus Groups

A series of targeted and diverse (users and non-users of the DSP) focus groups were conducted in May and June of 2012. An open community consultation was also hosted at the DSP. The focus groups included: youth from Dartmouth High School, residents from Demetrious Lane Tenants Association, young families from the Dartmouth Family Resource Centre, seniors from the Northbrook Community Centre, and residents from the Take Action Society based in Dartmouth North. Also included at this time were DSP squash and racquetball court users.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

The Community Planning & Economic Development Standing Committee may recommend that Regional Council:

- Alternative 1: Not consider the revitalization project for the Dartmouth Sportsplex and direct staff to undertake deferred maintenance requirements for the Dartmouth Sportsplex only. This is not recommended as the facility is not currently effectively meeting the needs of the community and deferred maintenance would not improve the accessibility or the financial health of the facility.
- Alternative 2: Defer a decision on the Dartmouth Sportsplex revitalization project until further information and decisions related to the Long Term Arena Strategy, Shannon Park, and potential Stadium are known. This is not recommended as the current campus setting of the Dartmouth Sportsplex and Dartmouth Bridge terminal provides synergies and opportunities for enhanced community access.
- Alternative 3: Not direct staff to explore naming rights opportunities for the Dartmouth Sportsplex as part of the revitalization project. This is not recommended as it would eliminate a potential funding mechanism to offset the costs of the project.
- Alternative 4: Maintain Findlay Centre rather than to declare it surplus. This is not recommended given the majority of the programming overlaps with the Dartmouth Sportsplex and relocation of programs to DSP is a key aspect of its improved financial state.

Alternative 5: Not direct staff to complete a program review of the Dartmouth North Centre, as part of the upcoming Community Facility Master Plan update. This is not recommended as it will allow Council to make an informed decision related to the future program offerings in concert with the Dartmouth Sportsplex project.

ATTACHMENTS

1. Project Analysis - Dartmouth Sportsplex Renewal and Revitalization Proposal
2. Executive Summary - Stantec Final Report - Dartmouth Sportsplex External Review of Business Case and Projections (Full report link <http://www.halifax.ca/facilities/>)
3. Excerpt of Key Initiatives from Dartmouth Sportsplex's "A Blueprint for Community Engagement and Accessibility"

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCcped/> 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: Betty Lou Killen, Coordinator Client Services, 490-4833
Danielle Paris, Senior Financial Consultant, 490-4397
Barb Palmeter, Senior Financial Consultant 490-7221

Report Approved by:

Original Signed

Denise Schofield, Manager Regional Recreation & Culture, 490-6252

Financial Approval by:

Original Signed

Greg Keefe, Director of Finance & ICT/CFO, 490-6308

ATTACHMENT 1

Project Analysis

*Dartmouth Sportsplex
Revitalization Proposal*

TABLE OF CONTENTS

1. Executive Summary.....	3
2. Project History.....	4
2.1 Asbell Revitalization Report.....	4
2.2 Project Scope.....	5
3. Community Needs.....	5
3.1 Steps in a New Direction.....	6
4. Recreation Facilities.....	8
4.1 Overlapping Service Delivery.....	8
4.2 Findlay Centre.....	9
4.3 Dartmouth North Community Centre.....	11
5. Facility Information.....	12
6. External Review of Business Case and Projections.....	14
7. Project Phasing and Costs	16
8. Naming Opportunities.....	17
9. Key Findings.....	17
10. Conclusion.....	17

1 Executive Summary

The Dartmouth Sportsplex (DSP) is a key recreation service delivery hub and plays a strategic role in the regional network of recreation, sport and leisure assets owned by Halifax Regional Municipality (HRM). Opened in 1982, the facility has played an important role for residents of Dartmouth and beyond, and should continue to do so well into the future. However, as the facility is over 30 years old, it is showing its age and requires improvements to continue to meet the needs of the community and current user expectations.

To address this challenge, an initial proposal by the DSP Board in 2007 outlined an enhancement and refurbishment of the facility as a means of establishing a revenue stream to assist with cost recovery. Following that initial proposal and subsequent Community Facility Master Plan direction on the project, Regional Council initiated the Asbell Report “Revitalization Report – 2010 Dartmouth Sportsplex”. That report found that “With no significant upgrade or operating model redesign, DSP will suffer from decreasing levels of customer use and satisfaction as it continues to age. Failing to be responsive to changing demographics and recreation facility re-design reduces interest in the Sportsplex for existing and new customers. On-going participant loss to other external opportunities and other HRM supported facilities will result in reduced revenues and elevated subsidization levels.”

Preliminary schematic design for renewed and refurbished components of DSP, external assessment of the DSP business plan and projections, analysis of recreation service delivery in the area, and review of facility condition assessments, form this analysis of the project and have resulted in the following recommendations:

1. Direct staff to include the Dartmouth Sportsplex revitalization construction project in the strategic capital projects to be considered by the Audit & Finance Standing Committee for determination of priorities and funding strategies;
2. Direct staff to, upon approval of the project within the capital budget, explore naming rights opportunities for the Dartmouth Sportsplex as part of the revitalization project;
3. Declare Findlay Centre as surplus to recreation needs upon completion of the Dartmouth Sportsplex revitalization project and refer it to Administrative Order 50 for review; and
4. Direct staff to complete a program review of the Dartmouth North Centre, as part of the upcoming Community Facility Master Plan update.

2 Project History

The Dartmouth Sportsplex (DSP) opened in 1982 and is located in central Dartmouth. Along with adjacent amenities of the Dartmouth Transit Bridge Terminal, Dartmouth Common and commercial businesses, it is a service hub for residents. DSP is owned by HRM and is operated by the Dartmouth Sportsplex Community Association (DSCA) which is a registered not-for-profit organization with an independent Board of Directors. A Management Agreement between the Municipality and the DSCA was signed in 1998 and has been automatically renewed each year since that time.

Its primary service area is the area of Dartmouth inside the Circumferential Highway from which almost 60% of the facility's members are drawn. Areas abutting the Circumferential to the east and south that include Woodlawn, Portland Estates, and Morris-Russell Lake, among other communities, account for another nearly 20%. As a result, approximately 80% of its users reside within the Dartmouth boundary. The facility has played a key role for residents of Dartmouth and beyond since it opened, and should continue to do so well into the future. However, as the facility is over 30 years old, it is showing its age and requires improvements to continue to meet the needs of the community.

2.1 Asbell Revitalization Report

In 2007, the Board of Directors at the Dartmouth Sportsplex positioned a request based on revenue generation to add a large hard-court field house to the DSP as a means of establishing a revenue stream to assist with cost recovery. This request, although not acted upon, was captured in the Community Facility Master Plan (CFMP), and allowed for the initiation of discussions and analysis related to the potential future and best use of the facility.

Following that initial proposal and the subsequent CFMP direction, Regional Council initiated the Asbell Report (2010) on Revitalization of the Dartmouth Sportsplex, which stated that:

“The Dartmouth Sportsplex (“DSP”) includes a pool, a multi-purpose room, various athletic and fitness spaces and the arena. The complex was originally constructed in 1980. There have been a variety of small modifications and one large addition made to the facility over the years. DSP is similar in age (30+yrs) to other major recreation facilities across Canada that have required significant repositioning to make them current, relevant and financially stronger.

With no significant upgrade or operating model redesign, DSP will suffer from decreasing levels of customer use and satisfaction as it continues to age.

Failing to be responsive to changing demographics and recreation facility redesign reduces interest in the Sportsplex for existing and new customers. On-going participant loss to other external opportunities and other HRM supported

facilities will result in reduced revenues and elevated subsidization levels.”

2.2 Project Scope

In order to implement the findings of the Asbell report, completion of the preliminary schematic design of renewed and refurbished components of DSP and the subsequent preparation of an updated business plan with financial projections were required. As a result, a consultant, Diamond Schmidt, was hired to complete a schematic design report in 2011 which incorporates the main improvements outlined in the Asbell report to revitalize the facility and improve its ability to meet client’s needs. Upon completion of the preliminary design, the DSP Board prepared and updated business plan. The business plan and projections were subject to an external assessment to determine the viability and validity. Further, analysis of recreation service delivery in the area and review of facility condition assessments was also completed.

The revitalized components of the DSP project considered in the business case include:

- Construction of a new fitness centre and studios highlighting the Wyse Road side of the building, and renovations to the core of the building up to be welcoming and visually appealing, presenting a glazed and inviting façade;
- Installation of a large open feature stairway to improve internal traffic flow issues;
- Pool upgrades to include renovations to the deck, adding a barrier free access the pool, and construction of a waterslide feature;
- Upgrades to the squash and racketball courts;
- Construction of a new community gymnasium, activity and fitness studios, and community rooms;
- Construction of a new child-minding area;
- Upgrades to mechanical and electrical systems;
- Site work; and
- Re-positioning of service provision to include community recreation programming, senior’s activities, and community art.

3 Community Needs

Asbell reported in 2010 that the facility was not meeting all of the needs of the Dartmouth community. It particularly noted that youth, older children, and lower income citizens were not attracted to the facility largely because programming and services opportunities such as drop-in type activities were limited, and existing offerings at the facility were not of interest to these groups.

Also, it was stated that the Board has begun to focus on “money chasing/or revenue generation” in areas that were not specifically recreation, sport, or community based (i.e., auctions, bingo, etc.). Given that the Dartmouth Commons Act limits the footprint allowed for any Dartmouth Sportsplex expansion, Asbell recommended that the area occupied by the Community Hall and currently used for bingo, auctions, and similar activities would be more effectively deployed to meet identified community needs as opposed to activities that have a revenue generating focus.

3.1 Steps in a New Direction

Since the Asbell Report in 2010, the DSP Board has made changes in its approach in order to be more accessible to the overall community, and is taking steps to create an inclusive environment. A key aspect of the renewal of the facility is a re-positioning of the facility in the community as a true recreation, sport, and leisure hub. The following list of initiatives was compiled by the Dartmouth Sportsplex, and has already started to take place:

- DSP now provides low cost or free passes to various community partners whose clients would be unable to afford to come to the facility, such as several of the crisis shelters, youth leadership groups or family centres. Several of the recipients of these passes have later joined as regular paying participants when their financial circumstances changed.
- DSP developed a close working relationship with the HRM Police Department and Youth Pastor of the First Baptist Church. Several times per year the facility provides empty pool or ice time, at no charge, for the Demetreous Beals Tenants Association, Scotia Court & the surrounding communities.
- In partnership with the HRM Community Police office and the United Way, the Dartmouth Sportsplex has provided free fitness passes to adult residents in the Demetreous Beals Tenants Association.
- DSP obtained a grant from the Lifesaving Society to run Swim to Survive swimming lessons for children in these areas. Additional grants are being sought to run such a program again.
- With the support of the Lifesaving Society, the Dartmouth Sportsplex has run Swim to Survive swimming lessons with children in the local elementary schools.
- DSP has established a partnership with the Nova Scotia Hospital and provides passes, at reduced cost, to patients participating in a transition program, moving from residential care within the facility to an external residence. These passes are used at times when the facility is significantly underutilized.
- DSP has developed a program at the IWK for youth in the residential care program and under a similar pricing model provide passes both for children in the program and for their families as they transition from it.
- In February 2013, DSP launched a new access program model for track usage for a Capital Health Program in Sackville.
- DSP is a community sponsor of anti-bullying for the Halifax Regional School Board (HRSB). Free swim passes and a free group swim (during existing swims with empty inventory) are provided for use by HRSB in promoting anti-bullying.

- DSP has launched a series of new promotions. In the past 12 months, money off coupons, buy one get one promotions (BOGO), 'pay the tax' sale, and open houses have been tested. During the BOGO sale, DSP reduced the track price, as long as the customer was buying at least 1 punch pass, to \$1.00/visit. While the coupons had no impact, BOGO and pay the tax promotions both resulted in significant increases in sales.

Along with the above noted new initiatives, in order to capitalize on the proposed revitalization project, the Dartmouth Sportsplex Board and staff have revamped the facility mandate and created a "Blueprint for Community Engagement and Accessibility" to reflect an increased focus on community access.

Included in the DSP blueprint are key initiatives intended to capitalize on the refurbished facility in order to improve overall access to recreation opportunities. Details of the key initiatives are organized in the following broad categories:

- Broadening Sportsplex's program and service base
- Access plan for learn-to programming
- Access plan for unstructured, free play opportunities
- Creation of opportunities for spontaneous social gathering
- Outreach to "never before" users
- Transportation

In addition to the typical physical and financial barriers, the revamped DSP mandate and subsequent implementation plan also outline initiatives to address transportation and psychological barriers. As a result, the proposed project includes improvements to the physical layout of the building to improve on its accessibility and create a more welcoming environment. The creation of a gymnasium, fitness studios and community rooms will provide opportunities for unstructured, drop-in activities and larger volume activities that permit reduced or no fees. As well, the proposed changes to the building and the overall mandate will also allow for several activities to be offered without the requirement of a membership. Further, the co-location of the DSP with the Dartmouth Bridge Terminal provides convenient public transit to the facility and opportunity for a potential partnership to help address transportation challenges. Collectively, the proposed improvements will allow for an enhanced focus on unstructured play, leisure activities and social interaction, to address the challenges the facility currently has in meeting the community needs.

Access to recreation programs and services continues to be a priority deliverable for HRM and was actioned in the 2013/14 Business Plan through the development of free and informal access to swimming lessons, year-round activities on the Emera Oval, and in identifying five HRSB school gymnasiums for free access for family play. The upcoming 2014/15 HRM Business Plan will continue to focus on this access. In addition,

a new recently launched provincial THRIVE program will aim to assist those residents who have barriers which restrict their access to large recreation facilities. DSP will be one of the facilities participating in the initial THRIVE program. This along with the other proposed improvements to both the building and the mandate will better meet Regional Council's Healthy Communities priority.

4 Recreation Facilities

In addition to DSP, recreation programming is offered at other local community centres in the Dartmouth area. Within a 5 km distance of the DSP, residents are provided with recreation opportunities at 5 facilities, including East Dartmouth Community Centre, North Dartmouth Community Centre, South Woodside Community Centre, North Dartmouth Community Centre and Findlay Community Centre. The proposal to renew the Dartmouth Sportsplex must be considered within the context of the full service delivery system in the Dartmouth area, and not in isolation of other municipal components. Due diligence including the review of services and programming, pricing structures, numbers of hours utilized in each centre overall, cost of operation, deferred maintenance costs, and user markets provided evidence to develop recommendations related to the rationalization of all of these facilities.

4.1 Overlapping Service Delivery

The order of magnitude of the proposed work at the Dartmouth Sportsplex (\$22M) and the potential value to the Dartmouth community and beyond, required a review regarding the overall recreation service provision in the DSP catchment area. Within a 2.5 kilometre radius of the DSP, there are two additional municipal community recreation centres.

They are:

1. Findlay Centre; and
2. Dartmouth North Community Centre.

It has been determined that close to 80% of the current members at the DSP come from the local immediate community. As a result, there is overlapping programming with the aging Findlay Centre, located approximately 1.5 kilometres away from the Dartmouth Sportsplex, and the Dartmouth North Community Centre, located approximately 2.5 kilometres away. Postal code catchment areas for registered participants at both the Dartmouth Sportsplex and the Findlay Centre demonstrate this overlap in service delivery. Current members at the Dartmouth Sportsplex (59.9%) are residents in the North Dartmouth area including Pinecrest and Highfield Park areas, Brightwood area, Crichton Park Drive, and areas along the shores of Lake Banook (36%), along with residents living in the downtown area, Manor Park, and Southdale (23.9%).

Table 1 illustrates the overlapping postal codes for registered participants in both the Dartmouth Sportsplex and the Findlay Community Centre.

Table 1: Participant Distribution

		Dartmouth Sportsplex		Findlay Centre	
		Number of residents	Percentage of total members	Number of residents	Percentage of total registered program users
Area 1	B3A	556	36%	182	20%
Area 2	B2Y	369	23.9%	149	16%
Area 3	B2W	165	10.7%	235	25%
Area 4	B2X	117	7.6%	150	16%

Detailed analysis of the postal code catchment areas established the specific locations where the overlap is taking place and show that of the DSP total members (77%) that live in the immediate area, 59% are in direct competition with each facility.

In addition to overlapping participants at the two facilities, there are competing programs and services. A detailed list of programs and services offered at the Findlay Centre are included later in this report, and include such things as preschool programming, adult group exercise programming, youth activities, and summer day camp programs (Table 2). Services which are not currently shared between the two facilities include the community art programming and pottery, along with the facilitation or rental of space for the Seniors Club and the Horseshoe Club. These services are core recreation mandated services and could be located and provided at a renewed and re-positioned Dartmouth Sportsplex.

The Dartmouth North Community Centre currently has very few registered programs, and operates more as a drop-in facility. Because of this, a detailed review of the postal code catchment area was not possible for that centre. Therefore, analysis related to the Dartmouth North Centre has not sufficiently exposed evidence to offer a recommendation regarding future programming requirements. A review of program offerings at this centre should be undertaken as part of the Community Facility Master Plan update in order to ensure that a recommendation related to the future of the facility is consistent with the community needs and a future revitalized Dartmouth Sportsplex.

4.2 Findlay Centre

Findlay Centre, built as a school in 1932, became the primary recreation facility for Dartmouth in the early 1970's and remained as the sole recreation centre in the area until the Dartmouth Sportsplex was constructed in the early 1980's.

Along with offices and 2 multi-use classrooms, there is a dedicated senior's room where the Dartmouth Senior Citizen Club meets regularly, a small gymnasium, and a small fitness centre. A pottery program is also housed at the centre and has a dedicated space.

Typical programming taking place at Findlay Centre includes:

- Preschool Play, Parent and Tot programming
- Bridge

- Ballet, HipHop
- Cooking classes
- Meetings
- Birthday parties
- Group Exercise Programs (Zumba, Yoga, TaiChi, Elderobics)
- Soccer, basketball
- Piano, guitar, drawing
- Pottery Programming

Summer Programming is primarily focussed on summer day-camps for children and youth and includes:

- Pre-schooler Play Camps
- Summer Camps for Children, Speciality Camps
- Youth Leadership Camps

Table 2 summarizes the types of activities and numbers of participants registered at the Findlay Centre.

Table 2: Findlay Program Offerings

Name of Room	Program	Total Hrs per Week	# of Participants
Pottery Room	All ages Pottery	57	36
Gymnasium	Fitness, Zumba, Tai Chi	11	100
	Elderobics	3	20
	Floor Hockey	4	8-25
	Youth Sports	6	50
	Youth Night	3	30-40
Room 101	Dance Programs	7	31
	Community Meeting	4	30
	Piano	3	5
	Stepping Up Meeting	2	30
	Bridge	6	11
	Senobe Meeting	5	30
	Safety Training	3	15
	Parkinson's	1.5	10
	Sales Meeting	6	30
Arts and Crafts Room	Preschool	6	14
	Guitar	2	10
Conrad Room	Heart and Soul	4	21
	Birthday Party	6	20-25
	Various Leisure Programs	20	55
	Trefoil	2	20
	Stroke Club	3	40
	Dartmouth Visual Arts	2.5	40
	I.O.D.E.	2.5	24
	Children/Youth Cooking	1	22

Weight Room	Open every day – 50 members
Horseshoes & Tournament	Seasonal, ongoing
Seniors Room	Open all day for use by the club. There are specific Seniors programs operated by the Seniors such as dance, bingo, crafts, crib, cards.

The total hours utilized at Findlay Community Centre based on a “typical week” is outlined in Table 3.

Table 3: Weekly Hours

Definition of Hours (5 rooms available for programs excluding Seniors Room and weight Room)	Available Hours Week	Hours Utilized Weekly
Total Hours Available at Findlay Centre 8am – 10pm x 7 days = 98 hours per room	490 hours per week	184.5 (38%)
Total Prime Time Allocation of Total Hours Monday-Friday 6pm – 10pm (20 hours) Saturday & Sunday 8am – 8pm (24 hours) = 44 hours per room	220 hours per week	77.5 (36%)

These findings show that, overall, Findlay Centre is not heavily used with just over one-third of available times being used.

4.3 Dartmouth North Community Centre

Dartmouth North Community Centre, built as a provincial services resource centre in 1996, evolved into a recreation centre operated by the community soon after amalgamation when the Provincial Government changed its mandate along with the Municipal mandate for the provision of community services. The volunteer board responsible for the facility at that time struggled to achieve efficiencies. As well, attempts to identify and meet the needs of the residents it is intended to serve were often less than successful and as a result in 2009, the municipality thanked the Board for its contribution, and began to operate it directly as a municipal recreation facility.

The facility is small with limited capacity and includes:

- a small library area operated by the Halifax Regional Library Services;
- a multi-purpose room with a stage;
- a kitchen area; and
- small offices and meeting rooms.

The adjacent John Martin Junior High School is used for activities that require a gym. The Dartmouth North Community Centre operates under a different model whereby the majority of programming and services are offered at no fee, and are drop-in. Summer programming is focussed on a daily summer camp programming.

Typical programming taking place at the Dartmouth North Centre includes:

- English as a second language
- Baby showers, birthday parties, meetings, Church Services
- Adult Upgrading
- Preschool Programming – ballet, hiphop
- The Tween Scene (Youth Programming)
- Cooking classes
- Elderobics, Yoga
- Crib games, Darts
- Smoking Cessation
- School Age Lunch Program

5 Facility Information

The three facilities included in the study vary in terms of ages, sizes and operating costs. Table 4 summarizes the age, size, and provides data related to operating costs. For the Findlay Centre and the Dartmouth North Community Centre, the data relates specifically to the cost to operate the buildings only (utilities, maintenance, etc.), not program operating costs. This is important because any decision to alter or close one or both buildings would not reflect reductions in programming and service delivery, and therefore, operating costs would still be incurred for programs and services. For the Dartmouth Sportsplex, the data is reflective of the total net operating loss for all building operations including programming and services.

Table 4: Building Information and Costs

	Reported Year Built	Building Size	Building Operating Cost 2010/11	Building Operating Cost 2011/12	Building Operating Cost 2012/13	Recapitalization Estimate 25 Year
Findlay Centre	1932	22,428 sf	\$135,897	\$125,174	\$172,056	\$702,695
Dartmouth North Centre	1996	14,023 sf	\$90,488	\$114,289	\$151,836	\$670,369
	Reported Year Built	Building Size	Net Operating Cost 2010/11	Net Operating Cost 2011/12	Net Operating Cost 2012/13	Recapitalization Estimate 25 Year
Dartmouth Sportsplex	1982	132,000 sf	\$263,948	\$360,632	\$323,390	\$6,700,000

Building Condition and Energy Assessments

In addition, facility condition assessments and energy assessments have been carried out that provide additional information on the state of the buildings. The purpose of the building condition and energy assessments was to determine the capital cost of lifecycle replacement of building components over a 25 year period, resulting in specific deferred maintenance information and costs..

The deferred maintenance list includes repairs and upgrades to the facility in the following nine categories:

1. Site Work – Site components generally include all aspects from the building footprint to the extent of the property line. Typically includes asphalt roadways and parking, site improvements (playground equipment, tennis courts, landscaping etc.).
2. Structure – Construction type (steel framed, bearing masonry, etc.).
3. Roof – Membrane, insulation, parapets, flashing, drainage, skylights, roof openings, etc.
4. Exterior Envelope – Cladding, glazing, doors, exterior stairs attached to building, etc.
5. Building Interior – Flooring, walls and ceilings.
6. Mechanical – Plumbing fixtures, domestic water supply, sanitary as well as heating, cooling and ventilation systems. Vertical conveyance including elevators, escalators, cranes, etc.
7. Electrical – Electrical service, distribution, energy management, lighting and receptacles.
8. Life Safety / Fire Suppression – Fire alarms and panels, fire pumps, emergency and exit lighting, sprinklers, etc.
9. Specialty Systems - Arena ice making equipment, pool sand filters and heating equipment and other specialty components/systems.

This list represents replacing and maintaining building components in order to sustain the status quo. It does not include any proactive replacement or upgrading of systems that would result in service improvements or enhancements. It also does not include any service delivery specific components such as fitness equipment, activity or other program equipment, pool slides or other amenities.

Dartmouth Sportsplex

The Building Condition and Energy Assessment of the Dartmouth Sportsplex property and building was completed on July 26, 2011.

At the time of the assessment, the site appeared to be in fair overall condition and the building appears to be maintained in operable condition. The structural components of the building appeared to be in good condition with no structural deficiencies observed or reported. Age and life cycle replacement and maintenance requirements of various internal and external components are recommended.

The detailed Building Condition and Energy Assessments completed by Capital Management Engineering outlines a 25 Year “Anticipated Deferred Maintenance” cost for the Dartmouth Sportsplex of \$6,822,605. If the proposed project is approved, these items would be incorporated into the revitalization project, offsetting the total new capability funding required for the project by that amount

Findlay Community Centre

The Building Condition and Energy Assessment of the Findlay Community Centre property and building was completed in January 21, 2013.

At the time of the assessment the site appeared to be in fair overall condition and the building appeared to be maintained in operable condition. The assessment recommended close monitoring for timely and recommended replacement of the asphalt pavement, interior finishes, mechanical equipment, lighting, life safety components and specialty equipment.

The detailed Building Condition and Energy Assessments completed by Capital Management Engineering outlines a 25 Year “Anticipated Deferred Maintenance” cost for the Findlay Centre of \$702,695. Although minimal at this time, the annual recapitalization commitments are relevant in the overall context and would no longer be required if the facility was retired upon the completion of the DSP project.

Dartmouth North Community Centre

The Building Condition and Energy Assessment of the Dartmouth North Community Centre property and building was completed on January 21, 2011.

At the time of the assessment the site appeared to be in fair overall condition and the buildings appeared to be maintained in operable condition. The assessment recommended close monitoring for timely and recommended replacement of the asphalt pavement, interior finishes, mechanical equipment, lighting, life safety components and specialty equipment.

The detailed Building Condition and Energy Assessments completed by Capital Management Engineering outlines a 25 Year “Anticipated Deferred Maintenance” cost for the Dartmouth North Community Centre of \$670,369.

6 External Review of Business Case and Projections

As part of the analysis of the project, the Dartmouth Sportsplex business plan and projections were assessed through an external review for the purpose of validating the proposed future recapitalization and revitalization of the facility. This assessment was consistent with the Auditor General’s recommendations in the report “*Review of the Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre*”

Limited©". In order to complete the external assessment, Stantec was hired to complete the independent evaluation of the business plan (Attachment 2).

The Executive Summary from that report outlines the following:

"The current Business Plan suggests that declining revenues are attributable to the aging of the facility. The Sportsplex layout and its facilities are outmoded, and do not meet contemporary user needs as well as in the past. The facility is also facing competition from newer HRM facilities and from private recreation service providers."

Further, the financial assessment from the external review determined:

"Studies reviewed for this report focus on the redevelopment and revitalization of the Dartmouth Sportsplex. With new, modern and well equipped facilities, the studies assert that the declining membership trend can be reversed. With more members and related increases in participation in new and existing athletic programs, these past analysts have concluded that the Sportsplex can be returned to a surplus position if the facility is rehabilitated and upgraded as proposed.

Based on expectations that fees and related revenues can be increased by 10% for a renovated facilitated projections prepared for this study determined that the Sportsplex would be expected to lose more than \$700,000 per year if membership does not increase (it would recover just more than 80% of its costs). At least 40% more members will be required to approach recovery of all operating costs.

A 40% membership increase seems attainable given that Sportsplex membership numbers in 2010 were 34% higher than in 2013 (2,355 vs. 1,755). With modernized, revitalized, and expanded facilities, membership numbers and participation rates can realistically be expected to reach levels higher than they have been in the past. A 40% increase over 2013 levels would require the Sportsplex to add 702 members, which would require the facility to attract an additional 2% of the population from its core service area within the Circumferential Highway or add slightly less than 1% from the 78,090 people that resided within its primary service area in 2011.

While it appears realistic to expect recovery of future operating costs after renovation of the Sportsplex, if the project is debt financed, financing costs will exceed \$1.5 million per year and will considerably increase the annual net loss for all scenarios." (Stantec 2013)

Further to this, new revenues would be able to be achieved and will add to the fiscal strength of the facility. Some examples of anticipated new revenues include:

- Gymnasium rentals and program related fees;
- Increased activity and recreation camps for children and youth;
- Enhanced programming in yoga, pilates, group exercise, martial arts, etc.

It should be noted that the financial assumptions in the proposed business case review are based on pricing assumptions related to status quo, that the DSP continues to be operated with the existing mandate of 100% cost recovery.

However, a key aspect of the re-positioning of the facility outlined in this report is related to overall access. Consultation from citizens outlined concerns and frustration related to pricing of programs and services, and general comments were that prices at the facility were too high for many community members. The business case as presented provides for the opportunity to focus on community needs and capacity to pay for programming, rather than to focus on cost recovery as the first principle. Some aspects of the facility may be made available at market value, while other provisions are adopted for value-add and reduced pricing for citizens.

Recommendations related to cost recovery will be developed as part of the ongoing Multi District Facilities Review.

7 Project Phasing and Costs

Dartmouth Sportsplex has approximately 750,000 visits to the facility by citizens for programs or services annually. Therefore, the phasing of the project is critical to both the users as well as the overall costs of the work. So, in addition to the financial impacts, the independent evaluation by Stantec was required to review the proposed phasing.

The Stantec Report states, "Typically, the more a construction project is subject to contingent phasing and executed to accommodate uninterrupted client service, the more costly it will be. Given the nature of the Sportsplex and the Diamond and Schmitt schematic plan for its renovation, it generally allows for major program areas to be constructed independently of each other. As such, both the sequence and the timing of each 'phase' corresponding to each major program area can be determined as best meets the above criteria."

The review carried out by Stantec confirmed that phasing of the proposed work can be carried out with only a minor impact on construction costs. The proposed phasing of work (6 phases), will allow for continued operation of the Dartmouth Sportsplex, for the most part, during construction. As a result, service to the public will be able to be continued during the project with minimal impact.

Along with phasing, an analysis and verification of the proposed capital costs was another deliverable of the independent evaluation. The full detail is available in Stantec's report, Section 3.6 Building Renovation (Attachment 2). Overall, the evaluation recommended adjustments of some costs, through both increases and decreases. Despite the many adjustments made, the revised total cost estimate by Stantec varied from the schematic design estimate by less than \$25,000. In both cases, the total cost before application of 7% construction contingency, was estimated to be \$20.1 million."

8 Naming Opportunities

In March 2013, Regional Council enacted Administrative Order 56 Respecting HRM Sale of Naming Rights Policy. This policy provides opportunities for HRM to access private sector money to fund capital reinvestment in HRM assets in exchange for naming rights. The refurbishment of the DSP and revitalization could be a good match for naming rights opportunities.

9 Key Findings

As a result of the analysis on the proposed revitalization of the Dartmouth Sportsplex, along with the independent assessment of the business plan by Stantec, the following key findings result:

- Dartmouth Sportsplex (DSP) is a valuable recreation asset that can better meet the needs of the community by updating and re-positioning;
- The revitalization of the DSP will result in a positive impact to the projected annual operating deficit of the facility;
- A decision to close the Findlay Centre will not negatively impact users, and will allow for a purposeful and cost effective re-alignment of service delivery in the community; and
- A program review of the Dartmouth North Centre is important to determine whether the facility should be rationalized or repurposed as a result of the revitalization project. There is insufficient evidence available at this time to confirm a recommendation.

10 Conclusion

The Dartmouth Sportsplex is vital to the recreation service delivery in the Dartmouth area as well as across HRM. It has served the users well over the years but at over 30 years old, the technical systems and overall facility are out dated and coming to the end of their life cycle. Further, improved ability to meet the community needs is a key requirement for the future of Dartmouth Sportsplex.

An external assessment of the proposed project and related business plan has determined that a refurbishment, along with the reduction of completion from adjacent and overlapping facilities will best position the Dartmouth Sportsplex to meet community needs and improve financial health.

DARTMOUTH SPORTSPLEX
EXTERNAL REVIEW OF BUSINESS CASE AND PROJECTIONS

November 2013

Executive Summary

1.0 Introduction

Stantec has reviewed the *Asbell Renewal and Revitalization Report* (August 2010), *Capital Management Engineering Building Condition Energy Assessments, Dartmouth Sportsplex* (December 2011), the *Diamond and Schmitt Schematic Design Report* (February 2013), and the *Dartmouth Sportsplex Business Plan* (June 2013) for this study.

2.0 Current Status

The Dartmouth Sportsplex is owned by HRM and is operated by the Dartmouth Sportsplex Community Association (DSCA). The Management Agreement under which DSCA operates the Sportsplex is based on an expectation of 100% cost recovery. Every year except one from 1998 to 2008 the Dartmouth Sportsplex was able to achieve this goal, in large part due to the Association's Bingo fund-raising efforts. Since 2009, however, the facility has experienced a growing operating loss.

The current Business Plan suggests that declining revenues are attributable to the aging of the facility. The Sportsplex layout and its facilities are outmoded, and do not meet contemporary user needs as well as in the past. The facility is also facing competition from newer HRM facilities and from private recreation service providers.

3.0 Building Renovation

The Asbell Report and the Diamond and Schmitt report both provide new conceptual designs for the Sportsplex. The Diamond and Schmitt Report clearly builds on the Asbell design and was therefore the focus of Stantec's review. The Diamond and Schmitt Report recommends eliminating the current Wyse Road entrance to the facility to emphasize the eastern entry to the building off the parking lot from which most users enter. Their design opens the central area of the Sportsplex to allow users of the fitness area to see the pool and views outside the building, to provide views into the arena, and to provide better views of the pool. The proposal also eliminates the current Community Hall, which is primarily used for bingo, to make way for a community gym. Offices and locker rooms will be concentrated in the ground or basement level so active areas can be located in the more open upper level.

DARTMOUTH SPORTSPLEX EXTERNAL REVIEW OF BUSINESS CASE AND PROJECTIONS

November 2013

Stantec also reviewed the phasing proposed by Diamond and Schmitt. Stantec's architect concluded that the design will generally allow all major program areas to be constructed independently of each other. This will facilitate continued operation of the facility throughout the renovation process.

4.0 Service Area

Stantec determined that the areas serviced by the Dartmouth Sportsplex were misidentified in the Asbell Report. Asbell designated an unlikely group of Census Tracts on the Halifax Peninsula as the primary service area for the facility. Review of postal codes of current members provided by the Sportsplex management established that the primary service area is the area of Dartmouth inside the Circumferential Highway from which almost 60% of the facility's members are drawn. Areas abutting the Circumferential to the east and south that include Woodlawn, Portland Estates, and Morris-Russell Lake, among other communities, account for another nearly 20%. The total area from which nearly 80% of Sportsplex members are drawn has a 2011 Census population of about 78,000. The area grew very moderately (1.8%) from 2006 to 2011 largely because of ongoing development in Morris-Russell Lake toward the outer edge of its service area. Residential development should continue in Morris-Russell Lake, King's Wharf, and Sheppard's Island should within the service area but past experience in Dartmouth has been that new residential units have only been sufficient to maintain population.

While market assessment in the Asbell Report is incorrect, the areas it assumed to be the primary source of Dartmouth Sportsplex users coincidentally have a very similar number of residents as the core area we identified through view of the postal codes of Sportsplex members. Asbell, on the other hand, assumed a higher level of growth in the area than we feel is realistic. It is, nevertheless, very clear that the Sportsplex is a critical facility for Dartmouth that has been well used by residents within the area of the former city. The more important factor for the future of the facility will be its ability to increase the rate of subscription by Dartmouth residents. Given that current membership is at an apparent all-time low, it is clearly feasible for the Sportsplex to increase its current rate of capture within its primary service area.

5.0 Financial Assessment

Studies reviewed for this report focus on the redevelopment and revitalization of the Dartmouth Sportsplex. With new, modern and well equipped facilities, the studies assert that the declining membership trend can be reversed. With more members and related increases in participation in new and existing athletic programs, these past analysts have concluded that the Sportsplex can be returned to a surplus position if the facility is rehabilitated and upgraded as proposed.

DARTMOUTH SPORTSPLEX
EXTERNAL REVIEW OF BUSINESS CASE AND PROJECTIONS

November 2013

Based on expectations that fees and related revenues can be increased by 10% for a renovated facilitated projections prepared for this study determined that the Sportsplex would be expected to lose more than \$700,000 per year if membership does not increase (it would recover just more than 80% of its costs). At least 40% more members will be required to approach recovery of all operating costs.

A 40% membership increase seems attainable given that Sportsplex membership numbers in 2010 were 34% higher than in 2013 (2,355 vs. 1,755). With modernized, revitalized, and expanded facilities, membership numbers and participation rates can realistically be expected to reach levels higher than they have been in the past. A 40% increase over 2013 levels would require the Sportsplex to add 702 members, which would require the facility to attract an additional 2% of the population from its core service area within the Circumferential Highway or add slightly less than 1% from the 78,090 people that resided within its primary service area in 2011.

While it appears realistic to expect recovery of future operating costs after renovation of the Sportsplex, if the project is debt financed, financing costs will exceed \$1.5 million per year and will considerably increase the annual net loss for all scenarios. Taking into account amortization of the \$21,507,321 capital cost of renovating the facility as estimated by Stantec, the Sportsplex can be expected to lose between \$1.5 million to more than \$2 million annually.

Attachment 3: Excerpt from “A Blueprint for Community Engagement and Accessibility”

Key Initiatives

Broadening Sportsplex’s program and service base

Sportsplex has limited space for programs and its studios can often only hold 8 – 12 participants. With the addition of a gymnasium there is an opportunity to hold larger classes. For example a chair fit class, a fitness program for people with mobility issues, in the gymnasium can have 50 or 60 participants. The operating costs to run this program are essentially the same, with 10 participants or 50. The use of this large space will allow Sportsplex to create a line of non-member programming that can be offered at a fraction of the cost of traditional classes that are now available. A program cost of \$2.00/participant will both allow users easy access and ensure the facility is able to offer this programming in a sustainable manner. Some programs could also be offered under a ‘pay what you can’ system. Similar approaches can be applied to other forms of fitness and even in the pool for aquafit.

If Sportsplex is to become a community hub its programming must expand beyond the traditional physical activity offerings and include other aspects of recreation. Social and educational programs must become part of the Sportsplex product mix. It is important to remember that it should not be the goal of the Sportsplex to develop all of these programs. Most of these types of classes and services could be offered by existing resources in the community, who simply need a space to hold their programs. Rental of spaces, use of remnant spaces at lower costs, and revenue sharing models provide a variety of ways to structure these programs.

An access plan for learn-to programming

Programs such as swimming lessons, gymnastics or skating are important to children and youth in our community. For many families the high costs of learn-to programming is simply an opportunity out of their reach and can have significant impact of the quality of their lives. For example, a child who can’t swim is excluded from many other activities ... such as paddling, summer camp, or their friend’s birthday party. A child who can’t swim will likely never use swimming as a fitness or recreational activity in later life. The use of remnant program space, partnerships with funding agencies such as Jump Start, Thrive or Kids Sport, and introductory programs such as Swim To Survive, all provide opportunities for families to teach their children how to play, develop skill mastery, and be safe. The same approaches can be applied to gymnastics, skating and all of the learn-to play sport programs that will be offered once the gymnasium opens.

Recreation also needs to consider new models of delivery. The traditional learn-to program is 10 or 12 weeks long and costs between \$80 - \$110/session/child. The traditional sport program means joining a team, and can include early morning or later night practices, traveling for games and significant focus on competition. We know that cost is a barrier but so is time and intimidation. For many families a 10+ week commitment is a challenge. Changing schedules and locations pose real difficulties for some families. For new players, young or old, joining an existing program and team is simply more than they can face. Developing a model for delivery that is focused on play and single skill component development, while not easily structured to develop a level of mastery, can provide orientation and sufficient technical skill development to ensure that a child or adult can participate in an activity, have fun and gain the benefits from sport and recreation. This approach may actually expand registration in the traditional models as participants, now exposed to a sport, may wish to get more involved. For example, rather than a 10 week learn-to play badminton course or joining the Sportsplex badminton team, a workshop or series of workshops, focused on a couple of key aspects of the game, can get someone interested and able to enjoy a free play opportunity without the commitment of time and money the traditional program requires. These workshops can also be structured to allow a family to participate as a group. Those participants, having enjoyed the sport or activity, may in turn enroll in a traditional skills development and mastery program, or join a team, once they see and experience the value of participation. Sports such as curling have long employed such a model with great success.

An access plan for unstructured, free play opportunities

Allowing people an opportunity to attend a learn-to play, team, or skill development program is important. However, the chance to simply play is as important, or perhaps even more so, for children, youth, adults and families in our community. The opportunity to spontaneously go swimming, skating, walking, shoot hoops, kick a ball around or even try new activities such as pickleball, one of the fastest growing sports activities in North America (<http://pickleballcanada.org>), is critical if we are to achieve the type of healthy community outcomes we are now focusing on. Where can a group of professionals go at lunch time and play pick-up basketball in our community? Where on a weekend afternoon can a family go and simply play together in a gymnasium? Where can youth go on a Friday night at 9:00pm, be with their friends, be active and be safe?

Before developing a plan for access those opportunities must exist. Once we have a gymnasium space available for these types of opportunities we then need to find ways to ensure everyone has an opportunity to use them. This means that varied spaces and times for free and spontaneous play must be built into schedules. While many can afford to simply pay a user fee, the use of remnant space and other funding programs such as Jump Start or Thrive can help create these opportunities for all.

The community must also look at the benefits that free play opportunities may have for the whole community. For example, a night hoops and swim program, offered in the evening on a Friday or Saturday night could provide a safe and fun environment for 100+ youth in our community each weekend. While there certainly would be costs to offer this type of opportunities the social benefits would be significant. A bolder option could include creating a plan that simply opens the multi-district facilities up to all for a certain period of time, such as a weekend afternoon or evening. Imagine that each MDF was open to all on a rotational basis on Sunday afternoons. Sportsplex will need to work with HRM and others in our community to find ways to support these types of programming.

Creation of opportunities for spontaneous social gathering

Sportsplex must become a place where people come, meet their friends and neighbours, and form new relationships. To achieve this, open and inviting spaces need to be created. The opportunities to sit and talk with your neighbours entering and leaving the building are important. The provision of a food service, with healthy options, and spaces with comfortable furniture will facilitate this. It is also important for the facility's programs and services to be structured in such a way to encourage these opportunities. Informal social gatherings after a class or a swim for families of program participants at the end of session all help create this feeling of community within the Sportsplex and help develop a community hub.

Outreach to 'never before' users

There are many people who have never come to the Sportsplex. In focus groups preparing for the revitalization people discussed their feelings of intimidation when they think about coming to a large facility such as the Sportsplex. Will they be welcome, will they feel comfortable, will other people accept them, will they know where to go, can they participate safely and can they be successful? Many have adopted the perception that Sportsplex is only for those with money or those who are highly skilled and therefore the facility is "not for me". These perceptions are deeply held and will take considerable effort to overcome. Traditional advertising will not achieve our goals. Sportsplex must reach out through new channels and connect with people.

A strong network of community partners, who are connected with people who might be interested in recreation but not connected with the Sportsplex is critical. These partners know who is out in the community, who is looking for opportunities and who needs help. The Board and staff of the Sportsplex, with the help of HRM staff and Regional Councillors, must actively meet with these groups, look for ways to help them be more successful and use their contacts and connections to work together to strengthen both our citizens and communities.

Sportsplex must also seek to form stronger relationships with the health community. Partnerships with the district health teams, with doctors, with physio therapists and other providers will allow a robust referral system to be put in place. That system must include opportunities to try programs and services, to test options and find ones that work within a person's lifestyle. Client intake systems must be structured for this person who is new to community recreation and fitness and include an increased level of support throughout their experience. Sportsplex must become a place that people see as somewhere to go for help. We must be part of the larger recreation and health system, both referring people to others when suitable and accepting referrals for those that we can help.

Transportation

We know that transportation is a huge issue for participants. A unique opportunity has been created for the Sportsplex with the construction of the Dartmouth Bridge Transit Terminal. Creating connections between the Sportsplex and Metro Transit, helping to encourage citizens to use the bus and come to Sportsplex is important. It is also important to make sure that people using bikes feel safe leaving their bicycle here when they are in the facility. New bike racks have already been put in place and the development of a bike locker program would also assist in this area.